

THE WORLD SINCE THE WAR

A really brilliant short survey of world affairs since the Great War, with a discussion of probable developments in the near future. Author, broadcaster, expert on international affairs, and writer of the famous weekly *News-Letters*, Commander King-Hall has an extraordinarily comprehensive knowledge of political and economic movements, and a quick eye for the significant details which reveal them. He believes that we have just come to the end of an epoch, and that the next few years may determine world events for a long time to come.

This is a survey which the expert and the general reader will alike enjoy. As the author says in his Foreword: "It is the purpose of this small book to consider the 'How' and the 'Why' of world history during the years 1914-1937, and to put the principal events and tendencies of those years in some sort of ordered and related perspective. It makes no claim to be comprehensive, and much of importance has had to be omitted, but it is hoped that it may be of some use as an introduction to the subject of post-war world history."

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by

STEPHEN KING-HALL



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FOREWORD

THERE is a feeling in many minds that the foundations of Western civilization have begun to slip and sink, so that unless we are quick and bold in our building, the whole structure may come down in ruins. Within the short space of time of less than twenty-five years which has elapsed since the outbreak of war in 1914 immense changes have taken place in men's methods, manners, and ideas of life. It is the purpose of this small book to consider the "How" and the "Why" of world history during the years 1914-1937, and to put the principal events and tendencies of those years in some sort of ordered and related perspective. It makes no claim to be comprehensive, and much of importance has had to be omitted, but it is hoped that it may be of some use as an introduction to the subject of post-war world history. A map showing where we have come from, even if it is only a sketch map, is an indispensable aid in searching for the route of the future.

STEPHEN KING-HALL.

CONTENTS

I. THEN AND NOW	9
II. THE WORLD IN THE MELTING POT, 1914-1918	20
III. VERSAILLES TO LOCARNO	36
IV. COLLAPSE OF THE POST-WAR SYSTEM . . .	49
V. NATIONALISM, 1933-1937	58
VI. REFLECTIONS	84
SOME IMPORTANT EVENTS, 1914-1937 . .	101
INDEX	108

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CHAPTER I

THEN AND NOW

I

IN the summer of 1914, nearly a hundred years had elapsed since the battle of Waterloo had written the epilogue to Trafalgar, and so brought to a close twenty years of general European war. In 1815, Great Britain emerged victorious from the prolonged struggle with France for world supremacy, and the Victorian era was about to begin. It is tempting to speculate upon what form the progress of mankind might have taken if France instead of Great Britain had been the victor, but this speculation must be resisted, since the chapter of world civilization which was opened when Napoleon embarked for St. Helena bore the unmistakable imprint of British ideas.

During the hundred years which elapsed between the two great wars, Western civilization made spectacular material progress. The prosperity which sprang from the industrial revolution in Great Britain was spread throughout the world by the British belief in free trade. In all the known history of man there has never been a

century during which so great a leap forward was made in one branch of human progress—that of applying the results of scientific discovery to the task of producing wealth and increasing the comfort of man's existence. It has been estimated that between 1860 and 1930 the annual total of the world's production of basic commodities was multiplied tenfold. It was the first century of the machine age. Standards of living rose all over the world, and the white population increased prodigiously. In 1770 there were about 150 million white-skinned people in the world ; in 1937 the figure was 750 million.

This increase was in part due to a rise in the birthrate, in part to a fall in the mortality rate—as a result of the progress in medical knowledge. Whereas a century and a half ago the expectancy of life of a European baby at birth was about thirty years, to-day it is about sixty. The rapidly increasing populations of the industrialized countries of Western Europe overflowed their national boundaries, and large numbers emigrated to less populous lands overseas. Between 1814 and 1914 nearly 30 million people crossed the Atlantic Ocean in search of the golden west.

During the nineteenth century the material progress of Western civilization was accompanied by considerable political upheaval and disturbance, but none of a world-wide or catastrophic character. There were wars, but relative to the Napoleonic Wars or the Great War they were local affairs. There were social disturbances, but they were ripples compared with the upheavals of the French Revolution at the end of the eighteenth century, or the Russian Revolution of 1917.

The wars of the nineteenth century were of two kinds. There were *colonial* wars between European Powers and

native peoples who endeavoured in vain to resist the expansionist drive of the all-conquering mechanized civilization of the West. These wars were chiefly fought in Africa and Asia. There were also wars whose origin must be sought in the spirit of nationalism which moved across the face of the earth during the nineteenth century. Early in the nineteenth century, for example, the South American colonies of Spain threw off their allegiance to the mother country and established themselves as independent republics. The Franco-Prussian war of 1870 was the prelude to the formation of Bismarck's German Empire; Italy fought Austria to gain her independence as a nation. Japan fought and defeated China in 1895 and Russia in 1905 as part of her policy of creating a Japanese Empire.

The social disturbances during the nineteenth century arose from the fact that with the spread of education and the increase of prosperity, the working classes throughout Europe began to realize that they had escaped the chains of feudalism only to fall into the hands of industrialism. The masses sought political power in order to remedy economic injustice. The words *Socialism*, and then *Communism*, began to appear in the newspapers. Social services became to a greater or lesser extent part of the business of every government. Democratic principles and parliamentary forms of government were accepted as part and parcel of the sum total of Western civilization, even though in practice there was an immense gulf between the state of affairs, say, in Great Britain in 1906, where the Liberal government was launching a vigorous and successful attack, through Parliament, on the position of the privileged classes; and in Russia, when an active revolutionary movement was persuading the Tsarist

régime to introduce a rudimentary form of parliamentary government.

In the summer of 1914 the world seemed in pretty good shape. The motor car had arrived ; the aeroplane was arriving ; wireless was crackling. It was true that all the great Powers of Europe were spending from 3 per cent. to 5 per cent. of their national incomes on armed forces, and that they were divided into two mutually hostile groups. This grouping was considered to be the best guarantee for peace, since it was believed to reflect a balance of power. Although there were not wanting those who prophesied that disaster would be the result of the anarchy which characterized the political relations between the sovereign states, they were answered by many voices which drew attention to the fact that international economic ties were steadily becoming more compact and all-embracing as world communications improved, and as modern man found it more and more necessary to lay the whole resources of the world under charge in order to supply his wants.

The mighty stream of Western civilization had flowed from its sources in ancient Greece through the wide valley of the Roman Empire, plunged through the caverns of the Dark Ages, emerged into the joyous landscape of the Renaissance, whence it negotiated the rapids of the wars of Religion and the French Revolution, on its way to the defile of the Napoleonic Wars, from whence it burst into the busy, bustling, and smoky land of the nineteenth century.

In 1914 that broad stream, bearing on its bosom the affairs of the world, seemed unlikely to change its course to any remarkable extent, even if occasional wars and social disturbances—similar to those which had caused

eddies on its surface during the nineteenth century—were possible, or even probable.

To the casual observer, 1914 differed from 1900 and 1890 only by the extent to which civilization had “progressed” in matters material. It was to be expected that 1920, 1930, and 1940 would record a somewhat similar series of advances.

II

Let us come to the summer of 1937. In comparison with 1914, a full measure of material progress can be observed. Voices in many tongues from many lands can be made to come out of a box in the corner of the room, for we are now in the age of broadcasting, and television flickers its pictures on the horizon of time. The motor car has become the draught animal of civilization, and man has mastered the air and may soon circumnavigate the earth through the stratosphere. The standard of living has continued to rise. The working week is shorter, and many more people have much more leisure in 1937 than was the case in 1914. Yet, though all this be true, a vast anxiety hangs over Europe, and the shadow of this fear spreads far beyond the confines of the Continent. The nations arm with anxious speed and at twice the cost recorded in 1914.

A new political creed, that of the “Totalitarian State,” is established in Italy and Germany. It disputes throughout the world the pre-war ascendancy of democratic ideals. In Spain this conflict between rival ideologies has broken into open war, each of the Spanish factions being liberally supplied with men, munitions, and money by its sympathizers in other countries.

The League of Nations, the supreme attempt of the War generation to introduce law and order into international relations, though still regarded by many people as the only ultimate hope of humanity, has already, after a life of less than twenty years, become to others a matter of profound and disillusioned disappointment; whilst to those nations who are openly opposed to all attempts to curb their national sovereignty in the interests of international peace it has become an object of scorn and derision.

The map of Europe has changed substantially since 1914. Three great Empires have disappeared and a fourth has exchanged an Emperor for a Leader. Upon the ruins of the Tsarist Empire in Russia stands the Union of Socialist Soviet Republics, the first Communist federation known to history. Its Baltic seaboard has been partitioned amongst the new states of Finland, Latvia, Esthonia, and Lithuania, whilst the old state of Poland has been reborn by the welding together into a national state of most of the Polish territories seized by Russia, Austria, and Prussia in the eighteenth century. The new state of Czechoslovakia has been carved from part of the territories of the old Austro-Hungarian Empire, and the areas of pre-war Serbia (Yugo-Slavia) and Rumania have been greatly increased. The Ottoman Empire, which used to be called "the sick man of Europe," has broken into its component parts, and the Turkish Republic, where women now walk unveiled, has to all intents and purposes withdrawn from Europe into Asia Minor. Of its outlying territories, Egypt, Iraq, and Syria have become independent states, whilst Palestine* and Trans-

* The future of the British mandate over Palestine is under discussion at Geneva at the time of writing.—S.K.H.

Jordan are still under British mandate. The term "mandated territory," itself a post-war creation, has appeared upon the 1937 map of the world. It is found, not only in former Turkish possessions, but also in all the territories which in the 1914 maps were shown as part of the German Colonial Empire. The future of these ex-German colonies is one of the many menaces to international peace. As far as maps are concerned, the British Empire, 1937, looks little altered. But the use of the name "British Commonwealth of Nations" is significant of great changes in its political structure. The Dominions are to all intents and purposes independent; the Irish Free State is a Republic within the Empire; whilst India has moved a long way towards self-government. Italy, by her ruthless annexation of Abyssinia, has put herself on the map as a colonial Power.

There has just been a bloodless revolution in France. The gold standard has disappeared and international investment is at a standstill. The exchanges are "managed" and manipulated by governments by means of vast masses of money called "Exchange Equalization Funds." A network of tariffs, quotas, and restrictions hamper the international exchange of goods and canalize them in particular directions.

Freedom of speech, of the Press, and of association is suppressed over wide areas of Europe. In Germany the Jews are subject to savage persecution.

What has happened between 1914 and 1937 to account for these tremendous and ominous changes?

Is the great river on the point of plunging into a ravine which may lead to deep and dark caverns comparable to those into which it disappeared when Rome collapsed beneath the assaults of the barbarians?

How has it come about that within the short space of less than twenty-five years such changes have taken place? Why have the foundations of Western civilization begun to slip and sink, so that, unless we are quick and bold in our building, the whole structure may come down in ruins? What had we best do to avert that disaster?

It is the purpose of this small book to offer some answers to these questions. Its alternative title might be: "The How and Why of 1914-1937, together with some suggestions as to what to do next."

III

The records available of what has occurred during the period we are about to examine are so voluminous, and the events in many cases are so recent, that unless we are careful we shall rapidly lose ourselves in a jungle of detail as we advance in our survey of the territory whose main features we intend to map. As some safeguard against this danger it will be advisable to break up the 1914-1937 time-space into periods of more manageable proportions, and fortunately for our purpose there have been several very definite turning-points in the march of events since 1914.

We can distinguish at least four fairly clearly defined periods, and, as we shall see, there are some reasons for supposing that in the year 1937 the world was approaching the end of the fourth period and on the threshold of its successor.

In each of these periods the fundamental problems of a world unified for better or worse by the rapid develop-

ment of transport and communication were the same, i.e. :

- (a) How to restore the measure of international economic organization existing before the war, and
- (b) How to create a parallel system of world order in the political sphere.

The factors in these problems varied from one period to another as new events occurred and new tendencies became apparent which had to be taken into account by statesmen in their search for the foundation of peace.

Period I. 1914-1919.—The World War marked the collapse of the nineteenth-century attempt to maintain a structure of international interdependence in financial and commercial affairs upon foundations of international anarchy in political relations. The peace treaties were—in part, at any rate—an attempt to rebuild Western civilization on a new political basis.

Period II. 1919-1926 revealed a radical contradiction between the two sets of ideas embodied in the Versailles settlement. Part I. of the Treaty (the Covenant of the League) aimed at creating a society of nations equal in status who should settle their disputes by peaceful methods. World-wide disarmament was to be accompanied by collective security. Part II. contained the penal clauses intended to keep the ex-enemy nations, especially Germany, in a perpetual state of subordination. France and Great Britain, upon whom fell the brunt of the task of reconstruction, differed as to which of these conflicting ideas should predominate. Other factors of importance during these years were the chaos in the world's economic affairs due to the war ; the as yet undiminished prestige of democracy as a system of government ; the withdrawal of the U.S.A. from European affairs ; and the

increasing independence displayed by the British Dominions in matters of foreign policy. The Locarno Treaties and the admission of Germany to the League were the culminating points of this period.

Period III. 1926-1933 opened in a spirit of unjustified optimism. There was a failure to recognize the underlying dangers of the situation. A start was made both in the matter of disarmament and in the return to the pre-war system of trade and finance. But progress in both respects was slow. Germany's patience was wearing thin under the economic strain of reparations and the failure of other Powers to implement their promises to disarm to her level. The control of international finance had passed from London to New York, with disastrous results. Communist Russia was becoming a power to be reckoned with, and Fascism had become firmly established in Italy. Finally, the world slump overthrew the tottering German Republic, gave Japan an opportunity to resume her imperialistic ambitions in China, and doomed both the Disarmament and World Economic Conferences to failure.

Period IV. 1933-1937/8.—During the five years from which it is to be hoped we are now emerging, conditions were very unfavourable to attempts at solving the main problems of humanity. In the abnormal conditions created by the slump, economic nationalism and dictatorships thrived and multiplied. Democracy was widely discredited. The League was weakened by its failure to check aggression in Manchuria and Abyssinia. Trade was strangled in a network of tariffs, quotas, and exchange restrictions. Rearmament proceeded at a hectic pace. It was a case of "back to 1914," with all the added possibilities of horror in the way of aerial and gas warfare,

which twenty years of scientific progress had made possible. In this world the British Commonwealth of Nations acquired a new significance as a stronghold of democratic ideals and an example of a society of free nations amongst whom war was unthinkable. The U.S.A.—reshaped by Roosevelt's New Deal—France, and the Scandinavian states were becoming drawn more closely to the British Commonwealth in a common resolution to save Western civilization from the catastrophe into which the frenzied activities of the totalitarian states—Nazi, Fascist, or Communist—threatened to plunge it. Upon the degree of success attending their joint efforts depends the character of the fifth period, that upon which we may now be entering, and whose successes or failures can only be recorded in later editions of this book.

CHAPTER II

THE WORLD IN THE MELTING POT, 1914-1918

I

BY 1914 Western civilization dominated the world. The civilizations of Islam, of India, and of China still held sway over the minds of millions of Eastern races, but these oriental ways of life and modes of thought were fighting a losing battle against the energetic methods of the white man.

Possessed of an urge towards what he describes as "Progress," Western man, by the end of the nineteenth century, had brought the negro peoples entirely under his control, and had gone some way to achieving the same result with the Eastern races. Japan eluded the grasp of the West by apeing its methods; China survived through sheer bulk and monumental massiveness, though even there Western ideas started a revolution in 1911, the end of which was not in sight in 1937. India, more united and more prosperous under British rule than at any time in her long and varied history, was becoming imbued with democratic ideas.

Western man is endowed with the conquering spirit. He struggles ceaselessly to unveil the secrets of nature and use them for the easy production of wealth. He is desirous of climbing the highest mountain and of ex-

ploring the depths of the oceans, the vastness of space, and the mystery of matter. He causes the world to shrink in terms of time and space, and he endeavours to live longer by living faster.

To the peoples of the West the chief purpose of life is that of *doing* something; to those of the East, life consists of *being* something. Since by 1914 the mechanized industrial civilization of the West had become dominant in the world, the interesting question arose : What next ?

Very few people in 1914 realized that such a question existed, and if they thought about the matter at all, assumed that the nineteenth-century type of "Progress" would just go on indefinitely. We can now see that this was impossible, and that the Western nations, having more or less surveyed and laid plans for the political and economic development of the whole world, and being unable to begin an expansionist policy in Mars or the Moon, were obliged to find another outlet for their energies. It seems—looking back to 1914 and also forward to the future—that the nations of Europe had a choice of two policies. They could either devote their energies to such questions as social reform, and the organizing of international peace, or else like beasts of prey which, having eaten the kill and being still hungry, turn on each other, they could try to rob each other of the markets and colonies acquired during the nineteenth century.

There can be little doubt that the aspect of the great society of mankind which most needed attention and development in 1914 was the question of the relations between the forty to fifty sovereign states in which men were organized. There did exist a moderately efficient world-wide economic system, and although political

considerations made a uniform currency seem Utopian, the international gold standard was a device which, to the great convenience of trade, brought all the national monies of importance into a world-wide framework. There was a very well organized postal and telegraphic system. Men of letters, scientists, and artists had world-wide contacts with each other, and in the minds of many big industrialists, financiers, shipping men, etc., the world was one great market. Considered in the light of what might have been, the organization of the world of 1914, regarded either from a commercial, social, or cultural point of view, was still a very elementary affair; but one could recognize that it was taking shape as a unit. Far different was the state of affairs which obtained in the world of politics. There was a vague mass of so-called International Law which chiefly consisted of schemes for making war less unpleasant after it had broken out, but there was no permanent court of International Justice—no central organization for the peaceful discussion and settlement of international differences.

The only "system" for the preservation of peace which existed was known as the Balance of Power. The assumption at the root of this theory was that national states were normally desirous of expanding at the expense of their neighbours, and could only be prevented from doing so if a series of alliances could be arranged so that it would be difficult for any one state or group of states to envisage a situation in which victory would be easy.

Thus in 1914, France and Russia were allied against Germany and the Austro-Hungarian Empire. Italy was a doubtful adherent to the latter group. Great Britain had an *Entente Cordiale* and secret naval and military agreements with France, which in certain circumstances

bound these Powers morally, if not legally, to support each other.

There were far-seeing individuals, especially in the U.S.A. and Great Britain, who realized that a peace which was maintained by the existence of two armed camps, each wishing but not daring to strike, was a precarious affair, and that the Balance of Power system should be merged into a wider system of general guarantees, along the lines of what we should now call "collective security." But it is doubtful whether even the wisest of men in 1914 appreciated that the network of international commercial relationships, so successfully constructed by thousands of private individuals, would not prove strong enough to control the forces of militant nationalism, but on the contrary would only serve as the instrument for drawing all corners of the globe into the conflict between the Great Powers of Europe.

In short, the Western nations in 1914 had reached a point at which they must either bring their political nationalism into line with their economic internationalism, or risk the destruction of their common commercial interests by a civil war.

They did not appreciate that twentieth-century problems could not be dealt with by nineteenth-century methods, nor did they understand that if they fell into a general war it would be a profitless business, since all and each were interdependent. It was not understood in 1914 that the furious energy with which western man had worked and lived, explored and traded, in the last hundred years had created a state of affairs in which, to quote a phrase coined by M. Litvinoff many years later, "Peace is one and indivisible." Between 1814 and 1914 nations could still be neutral in fact as well as in law ;

after 1914 neutrality in practice ceased to exist, in so far as it meant escaping many of the consequences of war. In 1914 the great and powerful United States of America was the foremost champion of "neutral rights" and of the "freedom of the seas." In 1937 the still greater and more powerful U.S.A. was frantically trying to devise methods of making sure she could keep out of the next war, even at the cost of abandoning all her "neutral rights." But, as an able American writer remarked: "America cannot run very far from the International problem because there is no place else to go." *

II

It was in June 1914 that an Austrian archduke, heir to the Hapsburg throne, was assassinated by Serbian conspirators at an insignificant town in the Balkans called Serajevo. The Archduke Karl and his wife were the first victims of the World War. The Austro-Hungarian Government decided to exploit the crime in pursuance of their policy of countering Serbian nationalistic ambitions. It may be that Austria hoped to make an end once and for all of troublesome Serbia. Germany supported Austria, and Russia supported Serbia. France stood by Russia, and Germany, fearful of being attacked simultaneously in east and west, invaded Belgium in order to overwhelm France.

Great Britain then declared war on Germany. Millions of words have been written on the subject of the responsibility for the World War. One may compare such dis-

* Raymond L. Buell in *Chaos or Reconstruction*. Foreign Policy Association, January 1937.

cussions to the question of the ultimate responsibility for a criminal act. In one sense the individual must be held responsible for his actions, but few will deny that behind the commission of a crime are deeper questions, such as the responsibility of society as a whole for conditions which create the motive for the crime.

It can be assumed that no one in any of the capitals of Europe had any clear idea as to whither the world was bound during those fateful days at the end of July 1914. There were in existence a number of national rivalries, such as the desire of Germany for a place in the sun ; * British fears of German expansionist tendencies ; Russia's desire to be a dominating influence in the Balkans and to possess Constantinople ; French desire for revenge upon Germany and for the recapture of the "lost" provinces of Alsace and Lorraine ; Austro-Hungarian ambitions in the Balkans, in opposition to those of Russia—all these currents and cross-currents of national ambitions, hopes, and fears were potential causes of war, which had been postponed by the maintenance of the Balance of Power.

Could the statesmen of the peoples who marched so gaily to the recruiting stations have seen the future which awaited Europe between 1914-1918 it is difficult to suppose there would have been war. As it was, when the waters were troubled by the crisis between Austria and Serbia, Russia and Germany began to fish for advantage. Soon the troubled waters became a raging torrent in which all hopes of peace were hopelessly swamped. Viewed in the short historical perspective of twenty-five years, it looks as if Europe drifted into war with a helplessness and inability to control its destiny.

* Germany had come late into the race for colonies.

which is pathetic. Europe drifted into war and the river of civilization thundered over the waterfall because, to adapt the phrase of our American commentator of 1937, "there was no place else to go." The Great War was the inevitable consequence of the anarchy which existed in international political relations.

The issues involved in the Great War presented themselves to each side in different lights. The Allies claimed with sincerity that they were fighting Prussian militarism for freedom, justice, and the sanctity of treaties, even though one of their members, Russia, was in 1914 the world's outstanding example of despotism. The Germans believed with equal sincerity that they were fighting to prevent themselves from being encircled and restricted by a ring of hostile and jealous Powers.

Neither side clearly understood that the real problem which faced Western civilization in 1914 was not one which could be solved by war, and that on the contrary a great war would only leave the problem where it was, surrounded by additional difficulties created by the war. The problem was, and still is, how to arrange for the peaceful solution of political and economic disputes which arise between groups of human beings organized into sovereign states. As the war dragged on and became ever more horrible and destructive, a body of opinion on the side of the Allies, particularly the Americans and British, began to see that if the war was to be justified in the eyes of posterity, the peace which must one day conclude the war must be no ordinary settlement under which the victors despoiled the vanquished.

III

The war can be divided into three stages. In the first stage, which lasted from August 1914 to January 1915, the Central European Powers (Germany and Austria-Hungary) advanced against the Allies (Great Britain, France, Russia, and Serbia), occupied Belgium, part of northern and eastern France, the western territory of Russia, and much of Serbia. The blow was heavy, but it did not bring the Allies to their knees. At the end of this stage the Central European Powers had won an important tactical success, but they had failed to win the war with one smashing blow. Their triumph had been on land, and by the spring of 1915 the command of the seas of the world lay in the hands of the British Fleet, notwithstanding some successful guerrilla operations against sea-borne trade carried out during the opening months of the war by German cruisers operating in the distant oceans. During this stage the Central European Powers secured the adhesion of Turkey and Bulgaria to their cause, whilst Japan joined the Allies.

The second stage of the war lasted for three years, from 1915 to 1918. It was a period during which the Allies held their enemies in check whilst the resources of the world were being mobilized and prepared for a crushing counter-attack. During these three years the enemy (using that word in its meaning to the Allies) mobilized the whole of their national resources in an endeavour to burst out of the iron ring which the Allies were slowly forging round the besieged fortress of Central Europe. One of the most desperate of these assaults was the prolonged battle for Verdun. At sea the enemy challenged

the supremacy of the Grand Fleet at the Battle of Jutland (31/5/16), an action of an indecisive character. It was failure from the point of view of the British, because they did not avail themselves of the chance to destroy the German High Seas Fleet. It was a failure from the point of view of the Germans, because, although their young fleet acquitted itself gallantly against a formidable enemy and escaped destruction, the command of the seas still remained with the Allied Powers on the morning after the battle.

Another and more deadly attempt to wrest the control of the sea from the Allies was the submarine warfare upon all merchant ships engaged in carrying their supplies. This policy, designed at once to counteract the Allied blockade of Germany and to starve Great Britain into surrender, was so nearly successful that in April 1917 shipping was being sunk at the rate of 881,000 tons a month. The introduction of the convoy system, intensive anti-submarine measures, and the concentration of the remaining shipping upon the shortest routes saved the situation for the Allies, whilst the Germans were left with the gloomy reflection that the U-boat campaign had brought the U.S.A. into the ranks of their foes. By the spring of 1918 it became apparent to the German High Command that time was on the side of the Allies; that the Bolshevik revolution which had eliminated Russia from the Allied ranks, the successful invasion of Rumania, the gigantic defeat of the Italians by the Austrians at Caporetto,* were not decisive events, and that they were fully counter-balanced by the entry of the U.S.A. into the war on the side of the Allies, by the

* The Italians had been bribed to enter the war on the side of the Allies in April 1915.

relentless pressure of the naval blockade, and by the skill (and brutality) with which the Allies were gradually persuading or coercing the neutrals to act in their support. In these circumstances the Germans concentrated all their strength upon one desperate attempt to strike down their foes in the west. On March 21, 1918, after a preliminary bombardment seemingly capable of shaking the foundation of the earth, 101 divisions of the German Army, supported by tanks, aircraft, gas, and every device of modern war, were hurled like a gigantic thunderbolt against British and French divisions holding a section of the fortified and entrenched system which by this time extended from the Belgian coast to the Franco-Swiss frontier. At first this immense forward lunge deeply dented the Allied lines, but it failed to separate the British armies from their French allies and so open up the possibility of trapping the whole British force in the north-west corner of France. By May 1918 the heroic assault had spent its force, and the Allies were in a position to decide whether they in their turn should attempt a knock-out blow that year, or whether it would be wise to wait till 1919, when the American reinforcements would be available in immense numbers. It was decided to strike in 1918, and the third stage of the Great War opened with a general attack by the Allies in the west. During the second phase (1915-1918) the Allies in the west had twice (at the battles of the Somme in 1916 and those of Passchendaele in 1917) attempted to break into the beleaguered fortress. Each attempt had been repulsed with bloody loss.

The third stage of the war only lasted a few months. By November 1918 the German army in the west was in retreat; the Turks, who had stubbornly resisted for three

years the attacks of the British at the Dardanelles,* in Palestine, and in Mesopotamia (modern Iraq), were collapsing. Austria-Hungary was in a like state. For over four years the German nation, which was the hard core of the Central European group, had successfully withstood the increasing pressure of a world in arms, and now they could do no more. Weakened by the privations of the blockade, overwhelmed by the realization that they were Public Enemy Number One in the eyes of the world, an immense weariness swept over the German people and the home front collapsed. The army chiefs insisted that the Government must ask for an armistice. The German Emperor fled the country, and a Socialist Republic was proclaimed. The Allies granted their enemies an armistice, and the slaughter came to an end on the 11th November 1918. Twenty million deaths is a conservative estimate of the direct and indirect cost in life of the Great War.

IV

The war presented men with political and economic problems which obliged them to throw overboard much of their cherished "sovereignty" and to organize themselves "for the duration" into two mutually hostile groups. By November 1918 the German group was defeated, and a new problem presented itself to mankind—the problem of organizing peace.

There were two schools of thought as to what should be done. President Wilson, representing American

* In 1915 the British invaded the Dardanelles peninsula as part of a plan to reach Constantinople and open up a route to Russia. The plan failed, and the British were obliged to evacuate the peninsula.

idealism, approached the question with a twentieth century outlook. Here was a chance for humanity to make a fresh start and to introduce the rule of law into international political affairs by means of a League of Nations. The Prime Minister of France, Monsieur Clemenceau, representing French realism, looked on 1919 as the just revenge for 1870, and thought of the Great War simply as one more round in an eternal conflict between France and Germany. The British, represented by Mr. Lloyd George, were somewhere between these points of view. Their attitude was that a new heaven might be created on a new earth, but that history showed that progress was a slow affair, and therefore one had better not expect to find a revival of the age of miracles in 1919. The Germans were on the door-step waiting to learn their fate. In these wretched circumstances they naturally clung with both hands to the principles laid down by President Wilson in his Fourteen Points, but there is no reason to suppose that had Germany been victorious she would have presented the Allies with a less severe treaty than the document which in due course the Germans were obliged to sign.

It must also be remembered that the peace-making discussions at Paris were conducted in an atmosphere reeking of war-time passions and hatreds.

Furthermore, as the representatives of all these nations in Paris during 1919 struggled and argued and wrangled in their efforts to create a treaty which would wind up the Great War, they were working against time. The fighting was over, and the peoples, especially the men in the vast armies, clamoured for peace and an opportunity to get back to civil life. Few men in any country understood at that time how deep a wound the war had

left on the body of civilization. Peace was made in a hurry and in a temper. The long and bitter business of drawing up the Treaty of Versailles revolved round two major issues.

Firstly, to what extent was the Treaty to be something new in the history of the world, inasmuch as it would lay down new principles for the conduct of international relations? Secondly, if it was to be an old style treaty of the "to the victors the spoils" character, who amongst the Allies was to get what?

The Treaty of Versailles is a long document which fills the covers of a considerable book, but in summary its 439 articles declared:

- (a) That there was to be a League of Nations.
- (b) That Germany was to make good in cash and goods to the Allies the cost of the war. (Reparations.)
- (c) That Germany must surrender her colonies, because she was unfit to rule native peoples.*
- (d) That Germany must disarm.
- (e) That Germany's frontiers should be redrawn so as to surrender the provinces of Alsace and Lorraine to France,† and certain areas to Poland.

Treaties on similar lines were imposed by the Allies upon Austria-Hungary, Bulgaria, and, in a greatly modified form, on Turkey.

It will be clear that, with the exception of Clause (a), the terms of peace handed out to the defeated Powers were along the same lines as those customarily inflicted by victors upon vanquished. For thousands of years it had always been the habit of a victorious

* The Allies also desired to make it impossible for Germany to have overseas bases in a future war.

† Taken by Germany from France in the war of 1870.

nation to grant peace to the enemy at a price. The exact nature of the price had varied with the purposes for which the war had been fought and the degree of helplessness of the vanquished. But in 1919 there were two circumstances which combined to make this age-old theory of peace treaties as out of date as the spectacle of a dinosaur in Piccadilly Circus. In the first place, the Great War had been fought (so the Allies declared) as the war to end war. It had been a struggle of freedom, liberty, and democracy versus tyranny, militarism, and the doctrine that might is right. Surely the terms of peace ought in some way to be in harmony with the supreme purpose for which the war was fought, even if that purpose had been somewhat lost sight of in the turmoil of the struggle? The United States of America, led by President Wilson, had entered the war in 1917 with a public declaration that they were embarking on a crusade against militarism, and did not expect or intend to gain any material advantage from the war. Wilson's conception of the lines upon which a just and lasting settlement should be made were set forth in a series of important speeches he made in 1918, the most notable of which was that containing his "Fourteen Points."

Since, at the end of the war, the United States was much the most powerful nation in the world, and since all the Allies owed her vast sums of money, a good deal of attention had to be paid by France and Great Britain to the views put forward by President Wilson at Paris. The League idea, largely worked out and strongly advocated by certain British statesmen, was Wilson's ewe lamb, and he accepted many things of which he strongly disapproved, on condition that the Covenant of the League of Nations was included in the Treaty.

In this respect the Treaty of Versailles broke new ground, but the rest of the settlement was quite in accordance with the tradition that the vanquished should be despoiled.

It is important to understand that this ancient practice had not arisen solely from a desire for revenge. It was based on the fact that previous to the industrial revolution of the eighteenth and nineteenth century it was a paying proposition to take as much wealth as possible from a defeated enemy. In other words—and leaving aside all questions of morality—it was true to say that from the beginning of history up to, at any rate, the Napoleonic period *war could be profitable*. It is still insufficiently recognized that the results of modern science, particularly in the matter of communications (motor cars, aircraft, steamships, railways, telephones, and radio), and the world-wide ramifications of industry, commerce, and finance, make it impossible for any one section of the world's inhabitants to be indifferent to the state of well-being of the other sections. As soon as the world became, in fact, something resembling one huge shop, war as a profit-making concern became a back number. It was no longer possible to cut off another nation's nose without spiting your own international face. You could not ruin your enemy without at the same time beggaring one of your customers, because every one bought from and sold to every one else. *

This idea, though commonsense, was not understood by most people at Paris, where it seems to have been genuinely believed on the Allied side that the Germans

* Although war in the modern world can no longer be profitable from an economic point of view, it may be advantageous from a political point of view, e.g. to retain the right to practise democracy.

could be made "to pay for the war." This was the more curious in that one of the reasons put forward in support of a speedy peace was the recognition that the misery and suffering existing in Central Europe and Germany was so acute, that unless some degree of relief was speedily given there would soon be no Germany from which to extract terms of any kind—there would only be complete chaos.

This, then, was the second circumstance which made the old style type of treaty out of date as a means of terminating a war in the world of 1918. In summary, we may say that most of those clauses of the Treaty which followed the section creating the League of Nations were inspired by a spirit of revenge which, however natural it was on the part of nations just emerged from the horrors of war, was *not* in harmony with the high moral aims which had been claimed by the Allies as the justification of their cause.

As we shall see, these two defects in the Peace Treaty were in large measure the cause of many of the disturbances which marked the period 1919-1937.

CHAPTER III

VERSAILLES TO LOCARNO

I

BY 1920 treaties of peace between victors and vanquished had been signed, though it should be noted here that the U.S.A. disowned the action of President Wilson, refused to ratify the peace treaties, and declined to enter the League. Turkey alone, amongst the ex-enemy Powers, succeeded in postponing a settlement until 1923, by which time the Allies were thankful to give a revived and nationalist Republican Turkey peace terms far superior to those it was intended she should receive in 1920.

At this time most of Europe was in confusion, and the peoples weary unto death. The ravages of the World War had to be repaired and a fresh start had to be made. The leadership in this matter necessarily lay in the hands of the Allied Powers, and this meant Great Britain and France, since the U.S.A. had withdrawn from European affairs, whilst Japan was chiefly concerned with exploiting the confusions of the time so as to extend her Empire in the Far East. Italy was in chaos, and grievously disappointed at the treatment she had received from her fellow Allies in the sharing out of the spoils. Russia was in the hands of a small group of Communists determined at that time to bring about world revolution as a prelude

to the universal extension of Communism. The Central European Powers were in such a state of chaos and exhaustion that millions of persons were on the verge of starvation. What should be done? Where were the French and British to find guidance for action? Where was the plan to which these two harassed architects could turn?

The Peace Treaty of Versailles, which was the representative Treaty of the whole settlement, was the only available plan for the reconstruction and reorganization of the world.

This plan was in two parts.

In Part I. there was a scheme for a League of Nations—an organization for promoting international co-operation and for settling disputes between sovereign states without recourse to war,* and which to men of vision seemed to be the first step towards a world federation of peoples. In Part II. there were elaborate undertakings which penalized and strait-jacketed the defeated nations. In short, Part I. assumed a world in which all nations co-operated in the maintenance of peace, whilst Part II. assumed a continuance of the spirit of war between the two groups which had struggled with each other between 1914-1918. Or, to paraphrase the saying of Clausewitz, the German military writer, policy was to be but a continuation of war. There was thus a contradiction in the plan which was to guide the statesmen responsible for making a new world. It was to need about fifteen years of very painful experiences, including such events as the rise of Fascism in Italy, and of Nazi-ism in Germany, the world economic crisis, the Japanese assault on China, the Italian seizure of Ethiopia, and, most important of all,

* See the Covenant of the League.

the division of European civilization into two camps—those of democracy and of totalitarianism—before the fatal consequences of this contradiction became generally recognized.

It will be convenient at this point in our survey to write a few words about the U.S.A. before we examine the manner in which the French and British tackled the interpretation of the Peace Treaty. The refusal of the American Congress to ratify the Treaty and to join with Great Britain in an undertaking to defend France—a guarantee which the French had been led to suppose they would receive—was in part due to American disgust at the wrangling which had taken place at Versailles amongst the victors in “the war for civilization,” and in part to the fact that many Americans felt that membership of the League would do violence to their country’s traditional isolationist policy. Moreover, the question as to whether or not America should ratify the Treaty became an issue in domestic politics at a time when the Democrats (Wilson’s party) were losing ground. Although the Americans immediately after the end of the war began to cut loose from participation in European affairs, they staged a successful international conference at Washington in 1921–1922 to deal with the situation in the Pacific area and the dangers of a naval arms race between Great Britain and the U.S.A.

Their experiences as neutrals in the early years of the war, when their commerce had been at the mercy of the British Fleet then blockading Germany, had determined the Americans to insist upon possessing a fleet second to none in the world. The British accepted this situation—they were in no position to start a shipbuilding race with the U.S.A.—and in 1921 a conference was convened at

Washington for the dual purpose of limiting naval armaments and of stabilizing peace in the Pacific, where Japan's imperial ambitions in China were causing concern to both the Americans and the British.

The story of the rise of Japanese Imperialism—an event in world history for which the example set to Japan by the Western Powers during the latter half of the nineteenth century is chiefly responsible—is too lengthy and intricate a business to describe in detail in these pages. In outline, the story runs as follows. Japan, whose clan leaders had transformed her from a feudal state into a tolerable imitation of a Western Power, attacked and defeated China in 1895. She gained Formosa, and was prevented (chiefly by Russia) from further exploiting her victory. In 1904–1905 Japan attacked and defeated Russia, gained Korea, and succeeded to Russia's position in Manchuria. In 1914 she declared war on Germany, captured that country's naval base at Tsingtau, and in 1915 endeavoured to take advantage of the preoccupation of the Powers in Europe to establish a Japanese protectorate over China.* At the end of the Great War the Japanese were obliged by the pressure of world public opinion, as expressed at the Washington Conference, to abandon—for the time being—their predatory designs on China.

As regards the naval arrangements at Washington, it was agreed that the capital ships of the three Powers, Great Britain, U.S.A., and Japan, should be limited to a maximum tonnage of 35,000 tons; also that all battleship building programmes should be stopped at once, and no new ones built for ten years; and that the naval strength of Great Britain, the U.S.A., and Japan should be based upon a ratio of 5 : 5 : 3. On the political

* The Twenty-One Demands.

side a series of treaties—superseding the old Anglo-Japanese alliance—were concluded under which the U.S.A., France, Japan, and Great Britain undertook to respect the integrity of China, and of each other's possessions in the Pacific.

II

We can now return to the spectacle of a Europe in ruins, with only France and Great Britain available to assume the task of leadership and reconstruction. These two leaders, though bound together by the memories of a common sacrifice during the war, did not agree as to the policy to be followed. We have seen that Parts I. and II. of the Peace Treaty contradicted each other. In these circumstances it was necessary to decide which part of the Treaty should be considered as the governing factor. The French, whose devastated areas were within a few hours' motor drive of Paris, and whose distrust and dislike of Germany was deep rooted and bitter, were determined that Part II. of the Treaty should be kept in the forefront of allied policy and on the front page of the newspapers. Germany, in French opinion, must be weakened beyond recovery ; she must be guarded and watched ; she must be made to pay. As part of this policy France contracted a ring of alliances with the countries bordering on Germany. She helped to weld the "succession states" (Czechoslovakia, Jugo-Slavia, and Rumania) into the organization known as "The Little Entente," and bound them to her interests by treaties and loans. She made an alliance with Poland, which, together with her close alliance with Belgium, completed the ring of warders round the body of prostrate Germany. The French argued that these states, all

of which—except Belgium—had either been created under or greatly enlarged by the peace treaties, would look on these documents as their birth certificates and fight to maintain their integrity. We shall see in a later chapter that the French also regarded the League as being at least as much an instrument for the preservation of the arrangements in the treaties as the machinery for the world organization of peace. In defence of what, to some people, has always seemed the somewhat “narrow” point of view of the French in this matter, it must be remembered that at Paris France had been induced to abandon her demand for the Rhine frontier in return for an Anglo-American guarantee of her security against German aggression, but that this guarantee had failed to materialize when the U.S.A. withdrew from participation in European affairs.

The British point of view, as is usually the case, was a compromise between two extreme positions. The British, whilst believing that Germany should be forced to carry out the terms of the Peace Treaty, made it clear in various ways that they had in mind a day when Germany would be received back into the family of nations, and take her part in a revival of international co-operation. It must not be supposed that this longer view of the situation was adopted by Great Britain immediately the Treaty was signed. It would be more correct to say that when France and Great Britain began to concert together to work out the detailed application of such parts of the Treaty as the disarmament clauses or the exact figure of their claims for reparations, in the face of stubborn German opposition, these two Governments began to find it harder and harder to agree as to what should be done.

This Anglo-French difference reached a climax in 1923, when the British Government refused to co-operate with the French on the occasion of the latter's invasion and occupation of the German Ruhr district. The French had embarked upon this adventure in a determination to make Germany pay the Reparations Bill, an undertaking which Germany declared to be impossible. By this time British public opinion, profoundly disturbed by the business depression which had succeeded to a short-lived boom after the war, was thinking more and more of the long-deferred and much-desired peaceful future, and less and less of the late war. It was being widely felt that though a so-called "Peace" had been signed at Versailles, the genuine article was still out of reach five years after the cessation of fighting, and that it would remain so until Germany could by some means or other be persuaded to co-operate in measures for an honest and genuine settlement.

The French, refusing to accept this view, continued to bring every form of pressure on Germany, and obstinately refused to consider anything but the Treaty, and especially the second part of the Treaty. The Ruhr occupation, though it inflicted heavy damage on Germany's economic life, also seriously weakened the French economic position, and the franc sank from 67 to 90 to the £.

After this unsuccessful debt-collecting excursion, Paris was more ready to listen to counsels of moderation from London. The British held that the moment was ripe for extending a finger, if not the whole hand, of friendship to Germany, especially as the U.S.A. was showing signs of being ready to collaborate to some extent with Great Britain in the handling of European problems. Several factors had combined to produce this improve-

ment in Anglo-American relations. The chief of these triumphs were the successful outcome of the Washington Conference ; the settlement, for the time being, of the Irish question—a matter upon which many Americans had felt very strongly—by the treaty of 1921 ; and the arrangements concluded in 1923 for the payment of the British War debts to the U.S.A.

At the end of the War the U.S.A. was owed about £2,000 million, including some £920 million by Britain and £805 million by France. Britain in her turn was owed about £2,200 million by her European allies, whilst Russia owed £50 million to France. In addition, all the European Allies claimed that Germany owed them in reparations something in the region of £6,500 million. Looking back now on these astronomical claims, it is easy to wonder why a clean sweep was not made of the whole jungle of deadly undergrowth which was strangling the recovery of world prosperity by the simple expedient of washing out all war debts. But in 1923 men viewed things differently. The Allies maintained that their payments to the U.S.A. must depend on what they received from Germany in reparations, and Great Britain added the proposition that her payments to the U.S.A. must depend on what her late allies were able to repay her.* The Americans persistently refused to recognize any connection between the two forms of debt. By the summer of 1923 Great Britain, then desperately struggling to restore her pre-war credit as the world's banker, decided to recognize her obligations, and arranged to make annual payments, ranging from £33 million to £38 million, to the U.S.A. This action set an example—whether it was a good or a bad one is a very controversial

* The Balfour Declaration of 1922.

matter—to the rest of America's European debtors, who, by 1926, had all made somewhat similar arrangements with the U.S.A. Once Great Britain had made the first step, America began to look across to Europe with more kindly feelings, and agreed to help the Allies in their attempts to get some sort of settlement with Germany. The Dawes Plan of 1924—under which the U.S.A. and the Allies agreed to lend money to Germany in order to enable her to restart her industries and thus create an export surplus out of which she could pay reparations on a reduced scale—was the first attempt to deal with this thorny problem on economic rather than on political lines. The scale on which the payments were to be made was still too high, and had subsequently to be still further reduced under the Young Plan of 1929, but a start had been made which paved the way to political appeasement.

By 1925 it was generally agreed that the time had come when Germany should be readmitted to the fellowship of nations. She had disarmed herself under the supervision of Allied Commissions; she had handed over strips of her European territory to France, Poland, and Belgium; her overseas possessions had been distributed as "mandates" amongst the victorious Powers; and finally a solution of the reparations problem seemed within sight. In short, it was becoming increasingly difficult for the victorious Powers to explain to themselves and to Germany why they remained heavily armed, and why Germany was not admitted to the League.

These were some of the circumstances which, towards the end of 1925, produced a situation favourable to an attempt to establish European peace on a firm foundation. After the usual preliminary negotiations a series of treaties were concluded at Locarno, in Switzerland,

between the European Allies and Germany. The main features of the agreement were as follows :

1. Germany was to join the League and be given a seat in the Council.
2. Great Britain and Italy were to guarantee to defend France if she was attacked by Germany, and to defend Germany if she was attacked by France.

III

Although the core of the European problem was the triangle of contesting forces formed by Germany, France, and Great Britain, there were also the Central European and the Russian problems.

The root of the trouble in Central Europe lay in the fact that the peace treaties had dismembered the old Austro-Hungarian Empire, which, with all its faults, was an economic unit, and put in its place a network of political divisions and tariff barriers, so that Vienna, for example, was left in a situation comparable to that, say, of London if that great city was suddenly reduced to being the capital city of a state composed of the Home Counties. If Austria and Hungary were to stand any chance of making good as independent states, it was essential that they should receive credits, but no one would lend money to such speculative concerns unless the lenders were assured of some control over the internal affairs of the borrowers. Here, however, the statesmen who were grappling with this problem came up against the question of sovereignty. Austria, for example, would not allow any one of the Allied Powers to infringe its independence, even if the other Allies would have agreed to such a course. But when, after many desperate and

ineffectual efforts to solve the economic troubles of Central Europe had failed, the problem was thrown at the League Council, this body (which, after all, consisted chiefly of the Allied Powers under another name) was able to float international loans and appoint supervisors, with powers, to control Austrian and Hungarian finances. The debtors were able to accept "League" supervision without loss of national prestige.

This was a very significant event. Here was a problem whose solution was of an importance second only to that of establishing genuine peace between France and Germany. For several years every attempt to solve it within the framework of Part II. of the peace treaties had failed, but when it was tackled in the spirit of Part I. (the League Covenant) a striking success was achieved.

The question of Soviet Russia presented the Allies with a problem of a very different nature. Russia was no defeated enemy whose destinies could be dictated round a Peace Conference table. She was technically a deserter from the ranks of the Allies, and to Western capitalism she appeared as a very dangerous deserter.

The outbreak of war found the Empire of the Tsars in a very precarious state. Its prestige had been badly shaken by the war with Japan ; its industry was practically non-existent, and its communications quite unequal to the strain of maintaining huge armies in the field ; its peasantry were miserably poor and little more than serfs ; and its ruling classes were small in number and completely out of touch with the masses. Under the strain of war the whole rickety edifice collapsed in ruins. Germany, anxious to add fuel to the flames and so put out of action the ponderous enemy on her eastern frontiers, facilitated the return to Russia of the Communist leaders Lenin

and Trotsky, and within three months of the formation of a Liberal-Socialist Provisional Government under Kerensky in March 1917, St. Petersburg was in the hands of the mob. There followed four months of chaos, during which a Constituent Assembly of illiterate peasants was busy passing resolutions against capital punishment, whilst the Russian armies, deprived of food and munitions, began to trickle back to swell the ranks of the revolutionaries in Petrograd—as it is now called—and Moscow. In November 1917 the Bolsheviki, organized by Lenin and Trotsky, overthrew the Socialists, and with the slogan “Peace! Land! Bread!” established the first practical experiment in government according to Karl Marx. By March 1918 the Bolsheviki had signed the Treaty of Brest-Litovsk with Germany, and Russia as a factor in the war had ceased to exist.

But in the Peace Settlement of 1918 Russia was very much a factor to be reckoned with. With the whole of Europe exhausted with war, with thousands of soldiers clamouring to be demobilized, with Central Europe driven to despair by defeat and starvation, the spectre of Red Russia haunted the peacemakers at Versailles. Outbreaks of Communism occurred in Germany and Hungary. Italy was seething with unrest. The Allies vacillated between proposals to invite the Bolsheviki to a Peace Conference and half-hearted attempts to bolster up the remnants of the white armies under Denikin and Koltchak. Finally they took refuge in the expedient of drawing a “cordon sanitaire” round the plague spot of Europe in the form of a number of newly created states, Finland, Esthonia, Latvia, Lithuania, and Poland, and leaving the Russian epidemic to take its course. Torn by civil war between Reds and Whites, Russia was for two

years given over to terrorism and famine, until, in 1921, Lenin introduced his New Economic Policy (N.E.P.), which allowed the small retailers and merchants ("Nepmen") and the well-to-do peasant proprietors ("Kulaks") a temporary lease of life, during which the resources of the country could be restored to some sort of order. About the same time a conflict began between Lenin, who wished to postpone a revolutionary crusade until the Union of Socialist Soviet Republics had put its own house in order, and Trotsky, who wished to use the Red armies he had himself created to force the doctrines of Karl Marx down the throats of the adjoining peoples. From this conflict the party of Lenin—and after his death in 1924 that of his successor Stalin—emerged victorious, whilst Trotsky was disgraced and eventually banished. Thus by 1925 Communist Russia was firmly established, and the Western Powers had learned to endure what they were unable to cure. Great Britain recognized the U.S.S.R. in 1924, and most of the other Powers followed suit. Russia, for her part, recognized that foreign capitalism, especially in the shape of trained engineers and modern machinery, had its uses, at any rate in the early stages of Communist industrialization. Thus about 1925–1926 the Locarno spirit in the west of Europe was supplemented by a spirit of live and let live in the east. To the casual observer it seemed that at last the word "Finis" had been written to what may be called "The War after the War." The barometer seemed to point to "Set Fair" for the voyage to a new world of peace and prosperity. Unfortunately the years 1925–1926 were destined—for reasons which will be given in the next chapter—to go down to history as a "False Dawn."

CHAPTER IV

COLLAPSE OF THE POST-WAR SYSTEM

I

IN 1933 two great world conferences foundered and were lost with all hands on the rocks of nationalism. One of these gatherings was the World Conference for the Limitation of Armaments, which opened at Geneva on February 2, 1932, and was in a state of collapse by the end of 1933. The other was the World Economic Conference at London, which was inaugurated by His Majesty King George V. on June 12, 1933, and adjourned on July 27, having achieved none of the high purposes of international economic co-operation set forth on its agenda. It would therefore seem that by 1933 the world was definitely in the fourth of those periods mentioned in Chapter II. What had happened between 1926 and 1933? Where was that Locarno spirit which in 1926 had seemed to be about to spread its soothing and healing influence over a troubled and distressed world?

It will be noticed that of the two conferences mentioned above, which were the climax of years of endeavour, one was political (disarmament) and the other (that of London) was economic. There was thus failure along both the paths which the nations had begun to explore in 1926. It is now clear that success in one respect was not possible in conjunction with failure in the other,

and that world political and economic problems are inextricably intertwined. One of the greatest tragedies of our own times has been that improvements in the political and in the economic situation have so rarely coincided. No sooner did a ray of light appear on the political scene, when storm clouds began to gather over the economic, and vice versa. One of the rare moments when a simultaneous improvement in both directions seemed possible occurred in 1925-1926. In this chapter we shall deal firstly with the economic events of the period 1926-1933, and then with the political developments of the same period, but the reader must bear in mind that although, for the sake of clarity, these two sets of happenings are dealt with separately, they were, in fact, occurring simultaneously, reacting upon each other and combining to produce that general breakdown of international co-operation which took place in 1933.

II

The outlook for a return to "normalcy" in economic affairs seemed distinctly favourable in 1926, for the following reasons :

1. The world had at its disposal the example of the more or less universal and efficient economic system which had been built up during the nineteenth century, largely by British energy and enterprise.
2. In 1926 Great Britain was ready and anxious to reconstruct this system on the basis of a restoration of the international gold standard and a revival of free trade practices.

But with the best will in the world Great Britain could

not restore a state of affairs for which the necessary conditions had largely ceased to exist.

The war had immensely accelerated a great leap forward in material progress which had begun in the early years of the twentieth century, and merits the title of the *Second Industrial Revolution*. Oil and electricity were disputing the sovereignty of King Coal; machines were breeding bigger and better machines; agriculture was becoming mechanized; and the era of synthetic products, from nitrates to rayon, had arrived. The productive capacity of the world had been enormously increased, but the machinery for distributing this increased wealth had not merely failed to keep pace with the development of productive capacity, but had actually moved in the opposite direction. The crop of new sovereign states created by the peace treaties, each with its tariff, as well as its military frontiers, presented a formidable obstacle to a return to anything approximating to free trade conditions. The extraordinary expenditures financed by borrowing during the war had destroyed the purchasing power of most national currencies. Great Britain had been forced off the gold standard. The case of the defeated Powers, aggravated by political instability, the loss of foreign investments, and the reparations payments, was infinitely worse. Colossal inflations swept like blizzards through their economic systems. But perhaps the most serious obstacle of all to a return to the pre-war economic order was that the financial supremacy of the world had been transferred during the war years from London to New York. The U.S.A., for the first time in her history, had been transformed from a debtor into a creditor country. The manipulation of the world's currency system and the lion's share in the direc-

tion of international investment had passed from the experienced hands of the Old Lady of Threadneedle Street into those of the parochially minded magnates of Wall Street—with results which we shall see later.

Undaunted by these difficulties, Great Britain struggled to restore the nineteenth century system to a twentieth century world. At first it looked as though she might succeed.

In 1925 the £ was linked up with gold at its pre-war value, and by about 1929 most of the principal countries had reconnected their currencies to gold, though at a *depreciated value*.^{*} But if some order was slowly being reintroduced into world finances, two formidable snags lurked beneath the surface. Germany still owed immense sums in reparations, and the Allies still owed equally gigantic sums to the U.S.A., as well as to each other. If these debts were ever to be paid, the debtor countries would have to be given credit, and then export goods, whilst the creditor countries would have to lend money and be willing to receive imports. The creditor countries, and especially the chief of them, the U.S.A., proved unable effectively to carry out this policy. The Americans not only raised their tariffs, thus hindering the free movement of goods, but they also (in 1924) drastically curtailed the movement of men across their frontiers by a new Immigration law. Moreover, their policy of overseas investment, if well meaning, was haphazard and sometimes reckless. The European nations also, though paying lip service to the Free Trade ideal, were not prepared to make any practical concessions to liberty of commercial intercourse. An Economic Conference was summoned to meet in 1927, under the auspices

^{*} *i.e.* each unit of paper money was worth less in terms of gold.

of the League of Nations, but although an impressive number of delegates attended, they were not empowered to commit their several countries to take any action, and their meeting had no tangible results. Two years later, Mr. William Graham, President of the Board of Trade in Britain's second Labour Government, made a passionate but unavailing appeal to the nations of the world to return to economic sanity, but it was by then too late for the suggested Tariff Truce to come into effect. The world economic crisis had begun to descend like a dense fog upon the slowly clearing horizon of international co-operation.

It may be said to have begun with the Wall Street crash of the autumn of 1929. During 1928 and the first nine months of 1929 there was a colossal boom on the New York Stock Exchange. So wild was the speculation that 20 per cent. was paid as interest on short term loans, and shares normally valued at about 40 dollars changed hands at 450 dollars. Then panic set in, share values fell so rapidly that on one day alone, in the month of October, 16½ million shares were unloaded in one day. American lending abroad ceased abruptly; prices all over the world—especially agricultural prices—fell precipitously; and the repercussions of the Wall Street crash were felt in the banks and stock exchanges of all countries. The situation of the debtor countries, and particularly of Germany, was rendered desperate. Cut off from the supplies of credit which alone had enabled her to meet her obligations, the value of her exports falling, and the numbers of her unemployed rising to about 5 million, Germany was on the verge of economic and political bankruptcy. In vain President Hoover, in 1931, proclaimed a moratorium on war debts; in vain the

London bankers tried to stave off the collapse with short term loans. In July 1931 the German banks suspended payment, seriously involving London in their collapse, and three months later Great Britain's abandonment of the gold standard shattered the whole of the attempted restoration of the pre-war international system of finance. It only needed the British National Government's decision, in March 1932, to reverse the Free Trade policy of a century to bring the last remnants of the pre-war world economic order to an end. Great Britain's attempt to re-establish the old system of economic co-operation had failed. What next? It was decided to summon a World Economic Conference in London in 1933. Meanwhile, things went from bad to worse. The decision of the Lausanne Conference of 1932 to accept—for lack of alternative—Germany's refusal to pay any more reparations came too late to save Germany from the rising tide of National Socialism. All countries were endeavouring to shelter themselves from the economic blizzard behind walls of tariffs, quotas, and exchange restrictions.

The British Government, with that tendency to mount two horses at once, which is the despair of logical continental minds, had seen nothing inconsistent in calling together an Imperial Economic Conference at Ottawa (1932) which tended to increase Empire Trade at the expense of world trade, as a prelude to their invitations to the nations to come to London. In these circumstances it was not surprising that the World Economic Conference of 1933 was an utter failure. Its demise was hastened by President Roosevelt, who refused American co-operation on the grounds that the U.S.A. could make no overseas economic arrangements till she had restored her domestic situation through the New Deal. Unfor-

unately the breakdown of international co-operation in the economic sphere had fatal effects upon the attempts to organize co-operation in the political sphere, which had begun with the signing of the Locarno Treaties at the end of 1925.

III

Though seven years had elapsed, in 1926, since the end of the war and the beginnings of the attempts to establish peace, these years had been unproductive, except in the sense that they had taught men the lesson that peace and prosperity were not to be achieved on the basis of Part II. of the Treaty of Versailles. The Locarno Treaties and the admission of Germany to the League in September 1926 seemed to indicate that Part I. of the Treaty (the Covenant of the League) was now to be given a trial as the plan for the conduct of international affairs.

The painful experiences of the years between the end of the war and Locarno had brought the French to the view that if security could not be obtained through the policy of keeping Germany in chains, an alternative method might be found in the shape of an effective League of Nations. The British, whilst welcoming the conversion of French opinion to a more liberal and practical frame of mind on the subject of Germany, were not prepared to go as far as France down the road to Geneva. "You have asked us," said the French, "to give up thinking about Part II. of the Treaty. Very well! We are prepared to do so, but in return we suggest that you should agree to make a reality of the Covenant, and, in particular, pledge Great Britain to action under Article XVI." (the Sanctions clause). Great Britain, partly because of her national dislike for

cut and dried schemes to deal with hypothetical situations, partly because of Dominion opposition, and also because the U.S.A. was not in the League, rejected the French view.

The Germans from the very beginning of this period adopted the point of view that they had disarmed, they had fulfilled the territorial conditions of the peace treaty, and they were now waiting to see the victor Powers reduce their armaments to the German level. They hinted, moreover, that they were not prepared to wait for ever. The Allied Powers were obliged to admit that in this respect Germany had right on her side, but as France insisted that some guarantee for her security and that of her allies must precede disarmament, and as Britain refused to accept the French view of the form this security should take, little progress was made. Between 1926 and 1932 an exhausting and exhaustive series of preparatory conferences took place at Geneva to try to find some common formula to be used as a basis for general disarmament. In 1928 a step forward seemed to have been made when fifteen nations,* including the U.S.A. and Germany, signed the Kellogg Pact, binding themselves to renounce war as a method of settling international disputes. But two years later, when at long last the Preparatory Disarmament Commission produced the draft convention—on which it had been labouring for four years—the document was so hedged round with national reservations and disagreements that, as a basis of discussion, it was practically useless. Nevertheless, in response to the urgent representations of the German delegates at Geneva, it was decided that the long promised Disarmament Conference should open early in 1932.

* Forty-five more nations signed before 1931.

Before it met, the world depression had plunged the world in economic chaos, and two events had occurred which prejudiced the success of the Conference from the outset. Japan, profiting by the general preoccupation with the economic emergency, took the opportunity of resuming her Imperialistic policy in the Far East, and launched an attack on China, in face of which the League system, to which China appealed for help, proved to be powerless. Japan seized the three provinces of China north of the Great Wall, turned them into the puppet state of Manchukuo, and resigned from the League. Secondly, the financial catastrophes of the summer of 1931 and the series of emergency decrees by which Chancellor Brüning had struggled to weather the storm produced violent political agitation in Germany. Barely had the Disarmament Conference opened than the Brüning government fell, and with it all hopes of retaining Germany in the ranks of those nations who were working for international co-operation. During the short-lived governments of Von Papen and Schleicher, a new and truculent tone was adopted by the German representatives at Geneva, and there was little surprise, though much dismay in Europe, when, in October 1933, nine months after Adolf Hitler, the Nazi leader, had become Chancellor, Germany withdrew both from the Disarmament Conference and from the League.

Thus, by the end of 1933, the post-war attempt to restore the nineteenth century international organization in economic affairs and to construct some sort of corresponding organization of international political relations had definitely failed. The spirit of Locarno had evaporated, and the world had entered the fourth of the phases into which we have divided our story.

CHAPTER V

NATIONALISM, 1933-1937

I

HITHERTO, in this brief study of world affairs, we have discussed events and tendencies from the point of view of the world as a whole. But, as we saw in our preliminary survey of the ground in Chapter II., the events of the years between 1933 and 1937 were such as to preclude any concerted effort to solve the main problems of humanity. The attempts to restore the pre-war economic order and to create a corresponding system in the sphere of international political relationships could make no headway in a period when extreme Nationalism, both in economic and political affairs, was the order of the day. It therefore becomes necessary to deal with our fourth period, 1933-1937/8, in terms of the course of events in each of the principal countries concerned, dealing first with the democracies and then with the totalitarian states.

II

The British Empire.—There have been three stages in the growth of the Empire since the seventeenth century.

The first came to an end in 1776, when the American colonies set up in the business of nationalism on their own account. The second culminated in the Statute of Westminster, 1931, which expressed in legal form that independence of Great Britain which the self-governing Dominions had displayed when they signed the Peace Treaty as separate states, joined the League as full members, and refused to participate in the Locarno guarantees to France and Germany.

Hardly had the Dominions established themselves in law as well as in fact as independent states linked only to Great Britain and to each other by the symbol of the Crown, a common belief in democratic principles, and in the rule of law in international affairs, than they discovered that they were living in a hard and dangerous world, beset by an economic crisis of stupendous proportions and tenanted by bellicose totalitarian states whose leaders mocked at democracy. The Empire—now officially called the British Commonwealth of Nations*—began to present certain attractions as a rallying point in the midst of many dangers.

It was in economic affairs that a movement towards closer co-operation first became apparent. As producers of raw materials the Dominions were exceptionally badly hit by the slump. Great Britain was unable to help them in the matter of further loans, and they were forced to weather the storm under their own steam. South Africa, thanks to the immense increase in the value of gold, suffered the least. By 1932 the crisis, if not over, was well in hand in all the countries of the Commonwealth, and it was felt that the time was ripe for concerted action to prevent, if possible, a recurrence of the emergency.

* For the sake of brevity we shall continue to use the words "the Empire."

The delegates of Great Britain to the Ottawa Conference, 1932, crossed the Atlantic in the hope that they would be able to do something for world trade by reducing tariff barriers within the Empire. They came back with a series of agreements which increased the possibilities of inter-Empire trade, but only at the expense of trade between foreign and British countries, and also with a juster appreciation of the strength of economic nationalism within the Commonwealth.

The movement towards closer co-operation in political affairs may be said to have begun at the time of the Italian annexation of Abyssinia. South Africa in particular was greatly disturbed by this event, and by its possible results on the future of Europeans in Africa. But all the Dominions, in varying degrees, rallied round Great Britain in her efforts to save Abyssinia by collective action against the aggressor. When this attempt failed, the Dominions, anxious to make a reality of collective security, at all events between the members of the British Commonwealth, began to draw closer to Great Britain in matters of foreign policy and defence—two items which were given a first place on the agenda of the Imperial Conference in London during 1937. The conference issued a lengthy report which was little more than a collection of generalizations, but since all its participants agreed that it had been uniformly and highly successful, it must be assumed that some progress was made in giving practical form to that common outlook on most political problems which inspires the electorate in Great Britain and the Dominions.

It should also be mentioned here that the astonishing and unprecedented events connected with the abdication crisis of 1936 revealed a remarkable degree of unanimity

in all the nations of the Commonwealth in regard to any matter concerning the crown. The King's Governments overseas were no more able than was His Majesty's Government at Westminster to see their way to supporting special legislation which would have permitted the King to marry Mrs. Simpson without giving her the rank of Queen.

Great Britain.—In Great Britain the world economic crisis produced its maximum effect in 1931, when a Labour Government (dependent upon the Liberals for its parliamentary majority) was in power. A series of banking failures in Austria and Germany caused great sums of foreign money to be withdrawn from London, and this, coupled with a mutiny in the Atlantic Fleet, led the world to suppose that Great Britain was in disastrous economic difficulties. In fact, the budget was unbalanced, but not to an extent which was really serious in view of the total size of the national income. The withdrawals of gold continued, and on September 21 the Government authorized the Bank of England to leave the gold standard. It was no longer the Labour Government which was in office. Mr. Ramsay MacDonald and two other of the Socialist leaders had—it is believed at the suggestion of King George V.—combined with Mr. Baldwin (the leader of the Conservative opposition) and a section of the Liberals to form a Coalition Government with the title of "National." A general election followed, at which the newly formed administration gained an overwhelming victory.

It is probable that future historians, when they survey the facts of the economic situation of Great Britain in 1931, may not readily discover why the crisis was thought to be so acute. The situation in Great Britain was at

no time comparable with that which had been normal in Germany for many years, was of frequent occurrence in France, and was due to come in the U.S.A.* But if people believe there is a crisis, then there is one, and in 1931 there was certainly a psychological crisis in Great Britain.

The National Government instituted a system of protective tariffs in Great Britain, and thus broke with the traditions of nearly a century. It balanced the Budget, and successfully converted a huge mass of internal war loan from a 5 per cent. to a 3 per cent. rate of interest. In home affairs it pursued a policy of developing the social services, which caused some of its Tory supporters to accuse it of being more Socialist than the Socialists.

Apart from what might be described as evolutionary extensions of the older social services of health, education, housing, unemployment, and health insurance, the National Government gave its authority to a whole series of new experiments, which consisted in blending together a measure of public control with certain aspects of private enterprise. The London Passenger Transport Board, the Central Electricity Board, the British Broadcasting Corporation (but this was founded in 1926), and, in the sphere of agriculture, the various Marketing Boards are examples of this very definite and typically British attempt to achieve a theoretically impossible compromise between "Socialism" and "Capitalism." †

It offered itself to the country for re-election in 1935 and was given a new lease of power, but with a less unwieldy majority. Its second term of office was notable for its attempt to organize a sanctionist front at Geneva against Italy. For the first time since the war a British

* See page 71.

† See *Public Enterprise*, edited by Wm. Robson.

Government was more enthusiastic for the League than a French Government. The French Government in question, that of M. Laval, had reached some kind of understanding with Mussolini over Abyssinia, and its fall came too late to save the sanctionist front.* There was a moment in 1935 when war nearly broke out between Italy and Great Britain, whom Mussolini correctly diagnosed as the villain of the piece in the matter of sanctions. The British found themselves unexpectedly weak in the Mediterranean, and this discovery, together with the furious rearming of Germany, determined the National Government to embark upon an immense programme of rearmament on land, sea, and in the air. In 1937 the Government announced that it anticipated a total expenditure of about £1,500 million on the fighting services in the course of the next five years, and took authority to raise a part of the necessary money (£400 million) by loan. This programme, which included three new battleships, twenty cruisers, and the raising of the strength of the Air Force to 1,750 planes for home defence, met with the general assent of all political parties—including that of the Labour opposition—and had a distinctly sobering effect upon Europe as a whole.

Let us now lift our eyes from things transitory in order to record the remarkable fact that the majestic and tremendous experiment of conducting India along the path of self-government was not deflected a hair's-breadth from its course by the fact that for months on end Europe seemed to be within a week of war. In 1935 prolonged discussions between the British Government and representative Indians led to the presentation

* See page 77.

to Parliament of a new Government of India Act. This became law after detailed examination by a Select Committee, whose Report* is one of the great state papers in British history. The new Act came into force on April 1, 1937. It provides for eleven self-governing Indian provinces, under the control of ministries responsible to Parliaments, whose members were elected in the spring of 1937 by some 30,000,000 voters of both sexes. The provinces are to be federated with the Indian states in an All-Indian Central Government.

Whilst, in the uncertain state of world affairs that prevailed in 1937, the Dominion Governments were tending to co-operate more closely with Great Britain in matters both of trade and foreign policy, and whilst Great Britain herself was for the same reason arming herself and concentrating especially on the development of such markets as were within her political orbit, both these policies had been forced on the British peoples by the circumstances of the times. The British Government in London made no concealment of the fact that it only regarded its nationalistic policies as a necessary prelude to a fresh attempt to bring about world co-operation and retrieve the failure of Locarno. It anxiously explored the possibilities of an understanding with Germany; it also did its best to retain and fortify the very friendly relations which existed between the U.S.A. and Great Britain. It worked for non-intervention in a civil war which broke out in Spain; and it gave friendly support to the sister democracy of France at a time when the policies of the dictatorship countries were tending to divide Europe into two camps.

* Published as a Blue Book, House of Lords 6 (1 Part I. and II.), House of Commons 5 (1 Part I. and II.).

France.—The period 1933-1937 was in many ways a critical one for France. Both parts of the Versailles settlement under which she had laboured to ensure a secure future for herself in a world ruled by law and order seemed to be crumbling into ruins. Part II. of the Treaty, the punitive clauses, had been torn up by Germany one by one. The prostrate giant on her eastern frontier had thrown off his shackles and appeared stronger and more menacing than ever before. The League system of collective security embodied in Part I. of the Peace Settlement had shown itself incapable as yet of dealing with a major crisis. France's allies—the Little Entente, Poland, and Belgium—disappointed by the half-hearted support given by the Great Powers to the collective system, showed signs of drifting into semi-independent regional understandings amongst themselves, or, in the case of Belgium, of returning to their pre-war position of neutrality. The understanding between France and Italy, begun in 1935, was weakened by the Abyssinian affair, and collapsed altogether with the advent to power of the Popular Front Government. Since 1933 France had been conducting tentative negotiations with Soviet Russia—largely to forestall a Russo-German *rapprochement*—and the news that a Franco-Soviet Pact was about to be ratified provided Hitler with a pretext for the reoccupation of the Rhineland in March 1936. In face of the increasing co-operation between the German and Italian dictatorships, known as the Berlin-Rome axis, the democracies of France and Great Britain drew closer together, a movement which was greatly facilitated by the coming into power of M. Léon Blum. Finally, in common with all the other great Powers, France embarked on a programme of

"super-armaments," lengthening the term of military service, and, on the defection of Belgium, extending the Maginot line of fortifications to the English Channel.

But great as were France's problems in the sphere of foreign affairs, they were relatively unimportant compared with the bloodless revolution which was taking place at home.

In 1931, when Great Britain and the majority of other countries left the gold standard, France, with the memory of the post-war currency inflation fresh in her mind, remained on gold, with disastrous results, both on her export trade and her valuable tourist traffic. The successive Governments between 1932 and 1936 strove in vain to meet perennial deficits by a policy of wage cuts and other deflationary measures. The discontent caused by these "Misery Decrees," the rising cost of living, financial scandals, and the instability of the Central Government were tending to discredit the French parliamentary system. The rapid growth of such semi-Fascist organizations as the Croix de Feu alarmed the supporters of democracy, and when the time came round for the four-yearly General Elections they resulted in a decisive victory for the Coalition of Left Wing parties—Communist, Socialist, and Radical Socialist—which formed the Popular Front. M. Léon Blum took office as France's first Socialist Prime Minister, and, spurred on by a nationwide outbreak of stay-in strikes, embarked upon a programme of commercial liberalism and social reform which came to be known as "the Blum Experience." France was a long way behind Great Britain in such matters as the recognition of collective bargaining, pensions, and other social services. M. Blum, seeking a way out of France's difficulties by increasing the pur-

chasing power of the masses, tried in a few months to accomplish what it has taken Great Britain the best part of fifty years to achieve. Legislation dealing with such matters as the establishment of the forty-hour week, the recognition of the Trades Union rights of collective bargaining, the institution of old-age pensions, and of a large programme of public works, and the reorganization of the Bank of France, was rushed through the National Assembly. In September 1936, under the Three-Power Currency Agreement with Great Britain and the U.S.A., the franc was revalued at a lower level, and a move was made towards lowering French tariffs and quota restrictions. But the French New Deal was crippled from the outset by financial difficulties. Organized Capital put up a strong resistance, weakening the franc by exporting capital in large quantities. Organized Labour, trying to run before it could walk, embarrassed the Government by continual demands for larger concessions. The French gesture with regard to lowering tariffs met with small response from other countries. In vain M. Blum, early in 1937, announced the necessity for a "pause" in the social reform programme. In vain M. Vincent Auriol endeavoured to placate the capitalists by restoring to private ownership the profits derived from the enhanced value of gold in terms of the new franc. The Budget deficit mounted to astronomical proportions, and when M. Blum asked for plenary powers to deal with the situation the Senate refused to give them. He resigned, and was succeeded by M. Chautemps, leader of the Radical Socialists. M. Bonnet, recalled from New York to take up the unenviable task of Finance Minister, was forced to announce cuts in Treasury expenditure for 1937 and 1938 of some

£238 million and drastic increases in taxation, for which he succeeded in obtaining the consent of the Assembly. Whether the new Government will overcome the deeply-rooted objection of the French public to paying income tax, and how long it will be able to command the support of its Left Wing for this drastic revision of the Popular Front Programme, remains, at the time of writing, to be seen.

Soviet Russia.—When the period of national isolation descended upon the world round about 1933, Soviet Russia was a force to be reckoned with. Under the leadership of Stalin the first Five-Year Plan—designed to equip the country with power stations, heavy machinery, and other basic necessities of industry—was nearing completion. There had, of course, been difficulties and delays in the industrialization of the country upon the basis of state ownership of all the means of production. But these hindrances to progress had been in the main the result either of inexperience or of trying to go too fast, as, for instance, when the peasants retaliated against over-rapid “collectivization” by slaughtering fifty per cent. of the livestock in Russia. But in spite of these setbacks Russia was able, where the capitalist nations were paralysed by the world slump, to march forward upon her chosen path, inconvenienced, but no more, by the general emergency. The second Five-Year Plan, under which attention was to be devoted to the manufacture of consumer’s goods and the raising of the standard of living of the masses, was well under way when it was considerably affected by the course of both external and internal events.

Round about 1926 the capitalist nations, recognizing that their attempts to overthrow the Bolshevik régime

had failed, decided to leave Russia to work out her own destiny. Her representatives had taken part in both the Disarmament and World Economic Conferences, where they earned a reputation for vigour if not for tact. In 1934 Russia joined the League of Nations, and actively supported the sanctionist front during the Abyssinian crisis. But just as she was beginning to be accepted in international society, the former anti-Bolshevik movement was revived in a new guise. The leaders of Nazi Germany, who made no secret of their belief that the road to German expansion lay in the east, proceeded in a series of violent speeches to denounce "Jewish Bolshevism" as Europe's Public Enemy Number One, and proclaimed themselves the leaders of a crusade against it. Italy followed Germany's lead, and Japan, alarmed at the rapid development of Russian power in the Far East, signed an Anti-Communist Pact with Germany in 1936.

Faced with a menace on both flanks, Stalin set in motion a huge expansion of Russia's armed forces—a million men on the west, and a quarter of a million on the east—and sought allies amongst the "bourgeois" Powers of Europe. The democratic Powers welcomed his advances at a time when the totalitarian states were openly challenging not only the League system but Democracy itself; France and Czechoslovakia—another potential victim of Nazi aggression—signed defensive alliances with Russia in 1936. In June 1936 Stalin introduced a democratic constitution guaranteeing to Russians the privileges of freedom of speech, of the Press, and of association under a Federal Government of the parliamentary type. But hardly had this measure been announced when Stalin's reputation in democratic countries

became clouded by mysterious and sinister happenings within Russia itself.

Between July 1936 and the end of 1937 a series of state trials took place, in the course of which nearly all the Bolshevik "Old Guard," eight of the most distinguished Russian generals, and a vast number of key-men in industry and agriculture, were tried on charges of "Trotskyism," *i.e.* of having treasonable relations with Russia's enemies and deliberately wrecking Soviet enterprises. At least one hundred and fifty people were executed, and hundreds more condemned to imprisonment. One astounding feature of these trials was that the great majority of the accused—with what motives it is impossible to say—pleaded guilty. Whether such a large number of Russia's leading men were really guilty of such outrageous crimes, or whether—as Trotsky, from his place of exile in Mexico, alleges—the whole "purge" was a frame-up designed to remove all leading Communists from Stalin's path towards dictatorship, it is impossible for an outsider to say. Though Trotsky's protestations of innocence must be regarded with reserve—he has been the avowed enemy of Stalin ever since his expulsion from Russia—there are certain indications that his charges were not entirely baseless. Such things as the reintroduction of a certain amount of private ownership of property, the widespread adoption of piecework, and great discrepancies of income, show that Russia has moved a long way from the Communism of Karl Marx. Moreover, there seems little doubt that Stalin has abandoned—for the time being at any rate—the attempt to foment world revolution. Whatever the truth of the matter, there is no doubt whatever that Russia's prestige amongst the democratic nations has

suffered very considerably from these events. There is also, in the present writer's view, no doubt that Russia is steadily becoming a common or garden type of nationalist power, in which the pre-war dominance of the aristocracy has been replaced by a new "aristo-bureaucracy" of the Communist Party. Russia is moving to the right at about the same rate as Great Britain and the U.S.A. are moving to the left. At varying speeds, all nations are adopting state-capitalism.

The U.S.A.—In surveying recent events there is always a tendency to overlook the existence and the importance of the long term movements and tendencies, because they are overshadowed by the excitement of contemporary happenings. Most people, if asked to mention the outstanding event in the history of the U.S.A. during the past twenty-five years, would reply "Roosevelt's New Deal," and they would be right, if they did so with a realization that the New Deal was the harvest of seeds sown in pre-war days; they would be in error if they imagined that because the New Deal came suddenly and dramatically into existence it was a kind of excrescence on the body politic of the U.S.A.

The U.S.A. came into existence with the Declaration of Independence in 1776. There at once began a struggle between the states (eventually to number 48) and the Federal Government as to the real seat of sovereignty. This dispute culminated in 1860 in the American Civil War; but though this was a victory for Federal sovereignty the struggle still went on, and at the end of the nineteenth century the Government at Washington was little more than a Federal Post Office so far as domestic affairs were concerned. It handled, of course, the foreign policy of the United States of America; and the lack of

continuity in this policy, other than the one doctrine of isolation, is due to the fact that the Federal Government was never certain of what extent it could count on undivided support from the states. Up to very recent times the U.S.A. was not a nation in the European sense of that word. It was a collection of peoples, led by a group of Anglo-Saxon stock, engaged in the task of pioneering in a vast area.

We have already mentioned the violence with which the world depression shook the individualistic economy of the American nation. By 1933 the situation was so serious that many people wondered whether the whole structure, both political and economic, might not collapse into ruins. It was at this juncture that President Roosevelt was elected to office by an enormous majority. He proclaimed the New Deal, which, complicated though it has been in detail, has consisted in essence of two parts. First, recovery ; second, reform.

In order to bring about recovery Roosevelt, who disposed of greater powers than almost any other man in the world, devalued the dollar, borrowed immense sums of money for relief purposes, and subsidized farmers on condition that they restricted their crops. How much of the American recovery which took place was due to these measures and how much was due to the general world recovery which began to set in about 1935 is a matter of opinion. It must suffice to say that Roosevelt was re-elected in 1936 for a second term of office.

By this time, although many of the unco-ordinated measures of the New Deal had had to be abandoned, Roosevelt's reformist plans were becoming more apparent. He had said, in effect, to the American nation,

that the era of pioneering was at an end, that the days of rugged individualism were finished, and that America must enter on that path of social reform which had been followed for a century in Great Britain. In this crusade Roosevelt spoke for the masses, and was bitterly opposed by the representatives of big business. American labour began to be organized in militant fashion by Mr. John Lewis, and during 1937 bitter industrial disputes swept across the country. Roosevelt was also engaged in a struggle with the Supreme Court, which had declared vital sections of the New Deal unconstitutional. His attempt to reform the Court provoked open resistance amongst his own followers, but not before the threatened action had brought the "Nine Old Men" to reverse several of their previous decisions.

In short, although he did not say so in so many words, Roosevelt, during his second term of office, was laying the most impious hands upon the American constitution in order to provide the United States of America with a powerful federal administrative machine, capable of dealing on a national basis with the social problems of the present time. He was trying, in fact, to do in the United States what in another way the National Government had begun to do in Great Britain in 1931, M. Blum had begun in France in 1936, what Lenin and Stalin had begun in Russia, and Chiang Kai Shek in China, not to mention a number of smaller countries which, with greater or lesser degrees of violence, have been in process of attempting to adjust their political and economic structures to modern conditions during the past few years. As regards external affairs, President Roosevelt adopted the policy of "the Good Neighbour," especially in respect of the relations between the U.S.A. and the Latin-American

Republics. Whilst firmly declining to become involved in the affairs of Europe—even to the extent of modifying the traditional American doctrine of the freedom of the seas—he displayed a willingness to participate in a general movement towards freer trade. Like every other nation, the U.S.A. between 1933 and 1937 embarked on a large rearmament programme.

The Totalitarian States.—During the nineteenth century it became generally accepted amongst Western nations, and even to some extent amongst the Eastern peoples, that the best form of political organization was one founded on democratic principles operated through a parliamentary system. Great Britain was the outstanding example of a nation which conducted its affairs according to this theory. But, as can now be seen more clearly than was the case in 1914, “democratic government” is an expression which means much more than the establishment of a parliamentary system. There occurs a passage in the Report of the Joint Select Committee on Indian Constitutional Reform which puts this fact into words which cannot be bettered. The Report says :

“Parliamentary Government, as it is understood in the United Kingdom, works by the interaction of four essential factors : the principle of majority rule ; the willingness of the minority for the time being to accept the decisions of the majority ; the existence of great political parties, divided by broad issues of policy, rather than by sectional interests ; and finally the existence of a mobile body of political opinion, owing no permanent allegiance to any party, and therefore able, by its instinctive reaction against extravagant movements on one side or the other, to keep the vessel on an even keel.”

Many of the European countries, notably Italy and

Germany, which were classified in 1914 as "democratic," and were shown in the reference books as possessing parliamentary institutions, were not genuine democracies in the sense of the passage quoted above.

The ultimate test of the genuineness of a democracy is whether the nation can preserve individual liberty and freedom of speech, and whether its people can govern themselves, in times of stress and strain. In public, as in private affairs, it is when difficulties rear their heads that individual character is tested, and we can distinguish between those who can think for themselves and those who prefer a sheep-like attitude of obedience to self-appointed saviours.

Fascist Italy.—At the end of the war Italy suffered a full share of the economic difficulties of those times. The country was poor in natural resources, and had only borne the appearance of a united nation since 1870. In 1915, before the entry of the U.S.A. into the war, Italy had been bribed to join the ranks of the Allies with promises of territorial gains—promises which were only partially honoured by France and Great Britain. At the Peace Conference President Wilson fought tooth and nail against the fulfilment of an immoral bargain, which could only be carried out at the expense of the Yugoslavs, one of the small nations for whose "rights" the war was alleged to have been fought. The *moral* of the young Italian nation, which had been severely damaged by the disastrous military defeat at Caporetto in 1917, was unequal to the strain of this further disappointment. Bitter political recriminations were accompanied by strikes and other violent social upheavals. It was in these circumstances that Benito Mussolini, a Left Wing journalist, formed the Fascist Party and seized power in

October 1922. Mussolini and his Blackshirts spent the next four years in consolidating the hold of the Fascist Party on the political and economic life of the country. He cultivated the theory that modern Italy was the spiritual and material heir of ancient Rome, and inculcated in the people an intense spirit of nationalism. Independent thought was suppressed, and his opponents were imprisoned, sometimes murdered, or else fled into exile. However much one may dislike the policies of totalitarian states, with their central doctrine that the individual exists for the state, and that the principles of democracy are outworn useless relics of the nineteenth century, it is childish to deny that Mussolini (*Il Duce*) and the Fascist Party have given Italy a much needed "wash and brush up" in a material sense. The price has been the loss of all individual liberty. It is not true to say that Mussolini abolished democracy in Italy, for democratic government, as we know it, had never been properly established in that country.

During the second period (1919-1926) of the four into which we have divided the events recorded in this book, Mussolini was establishing his position as a personal dictator in Italy. During the third period (1926-1931) he was apparently contributing to the general effort to found a permanent peace on League principles the co-operation of an Italy which was certainly very much more of a great Power than it had been in 1914 or 1919. Italy's association with a League of Nations organized on democratic lines, and therefore fundamentally opposed to Fascist principles, was largely a matter of expediency. Having failed in his attempts to transform the League into an international dictatorship of the Four Great Powers (Russia excluded), Mussolini bided his time until

he felt that he could defy the League system with impunity. We now know, from published Italian evidence, that as early as 1932 Mussolini began to contemplate a brutal act of aggression on Abyssinia, a fellow member of the League, and the last independent African native state. In short, the arrival of the fourth period, which began in 1933, with its atmosphere of extreme nationalism, its slogan of "each for himself and the devil take the hindmost," provided Mussolini with a favourable opportunity for throwing off the mask and showing the world that Fascism was as brutal, as barbaric, and as "realistic" as he had frequently and publicly proclaimed it to be. Up to the Italian rape of Abyssinia it had been assumed by many people in the democratic countries that Mussolini's bombastic utterances, his insistence on the beauties of war, and his contempt for "eternal peace" were not meant to be taken seriously by the outside world, but were theatricalisms exclusively designed for home consumption. By 1937 the world knew that he had meant what he said and that he had a complete disregard for the so-called sanctity of international engagements.*

The Italian invasion of Abyssinia was such an outrageous act of aggression that, even in a period when internationalism was bankrupt of ideas, the League system was stirred into tardy activity. After all attempts at a peaceful settlement had failed, fifty-two nations imposed economic sanctions on Italy. But as the vital commodity of oil could not be included amongst the prohibited exports without risking open hostilities with Italy, and as neither Great Britain nor France were prepared to incur

* For a complete justification, from official Italian sources, of the above severe strictures see ANNO XIII, by Marshall de Bono, with a Preface by Mussolini. (Cresset Press, 1937.)

such a risk at that juncture, this first attempt to restrain an aggressor by collective action failed ignominiously. One of the immediate consequences of this failure was to stir the British Government into undertaking a formidable rearmament programme, designed, amongst other things, to regain that security of the Mediterranean route to India which was threatened by the creation of Mussolini's new "Roman Empire." Barely had Anglo-Italian relations in the Mediterranean been doubtfully stabilized by the Agreement of 1936 when a fresh menace, this time from Germany as well as Italy, appeared at its western end. Of Italy's adventures in the Spanish Civil War we shall have something to say on a later page. We must now review the situation in Germany.

Nazi Germany.—The republican constitution adopted by Germany after the war, partly under pressure from the Allies and partly in response to a violent reaction against its discredited rulers, carried the German people a great deal further down the paths of democracy than they had ever ventured before. Unfortunately, as we have noted in earlier chapters of this book, the German people were subjected to a very severe strain during the period 1919–1926, and when, under the Locarno Treaties, a change occurred in the relations between Germany and the victorious nations, the country was still in some respects almost as prostrate as she had been in 1919. Deprived of her colonies and overseas investments, and burdened with debt, her currency had disappeared in a huge inflation, and, worse still, the German nation was suffering psychologically from having been treated as an international outcast for seven years. A deep scar had been made on the German body politic and eco-

nomic, and a bitterness had entered its soul. Germany had become a pathological case.

In these circumstances, very generous treatment by the victors in the period subsequent to Locarno might have infused vitality into the "Weimar Republic," but this was not to be. The treatment of Germany by the ex-Allies after Locarno was correct rather than cordial, and the French in particular (for reasons a Frenchman would find no difficulty in explaining) never tired of insisting, between 1926 and 1931, that though Germany had been released from prison and readmitted to the family of nations, she was there on probation. The ex-convict, once found guilty of murderous assault, was still a ticket-of-leave man. Herr Stresemann and, after his death, Dr. Brüning, as successive chancellors of Germany, endeavoured to meet their country's obligations, although this "policy of fulfilment" involved severe economic tension, and a no less serious political unrest. Brüning warned the victorious Powers that unless they came promptly and generously to Germany's assistance the moderate parties were doomed to destruction. At this juncture the world economic crisis, added to her existing difficulties, plunged Germany into desperate financial straits, and the extremists on either side began to form up for a struggle. Frequent clashes took place between the semi-military organizations such as Hitler's "Brown-shirts" and Storm Troops and the Jews and Communists. Half-hearted attempts to suppress these armed bodies failed. The Nazis were gaining ground at successive general elections, and in January 1933 the aged President Hindenburg supported Hitler's candidature for the Chancellorship. After this events moved rapidly. The National-Socialist (Nazi) Party, using the

burning of the Reichstag as a pretext, established a reign of terror for Jews, Communists, and Socialists. The last remnants of the independence of the German states south of the river Main were swept away; the constitution was suspended, and Hitler, as Leader and Chancellor, was given *carte blanche* for four years. Between 1933 and 1937 all political parties other than the Nazi Party ceased to exist, laws were passed depriving Jews of their rights as citizens, and relentless war was waged against all religious leaders who refused to subordinate their duties as Christians to the claims of the new pagan deity, the totalitarian state. At intervals general elections were held, at which the voters were given the alternative of approving the Leader's policy or spoiling their ballot-papers. Carried along on a wave of militant nationalism, Hitler, who succeeded Hindenburg as President in 1934, proceeded to tear up the "Diktat" of Versailles piece by piece. He reintroduced conscription and provided for an army of a million men, built up an immense air force and a modern navy,* withdrew from the League, and in 1936 re-occupied the demilitarized zone in the Rhineland. He secured his eastern position by a treaty with Poland, and made alliances with Italy and Japan. Unemployment—under the stimulus of rearmament, labour camps, military service, and the withdrawal of women from the labour market—practically disappeared, and a Four-Year Plan was initiated in 1936, with the object of making Germany self-supporting as regards food and raw materials. There were many indications that a severe shortage of both prevailed in Germany during 1936–1937, when Nazi demands for the return of

* Limited by the Anglo-German Treaty of 1935 to 33 per cent. of the British Navy.

the ex-German colonies increased in violence. The shortage of raw materials, particularly of the minerals needed for the rearmament programme, was one of the principal motives for the attitude Hitler adopted with regard to the civil war in Spain.

Spain.—The origins of the civil war in Spain lie centuries back in her history. For generations before the opening of the story told in this book, the destinies of Spain had been dominated by the army and by the immense wealth and power of the Roman Catholic Church. Spain was at least half a century behind the rest of Europe, both in industrial and social development. A crisis in her history arose in 1931, when, in a reaction against the dictatorship of General Primo de Rivera, the Spanish people abolished the monarchy and instituted a new republican constitution. Between 1931 and 1936 the political pendulum oscillated violently between the parties of the Right and of the Left. In 1936 a Popular Front Government was returned to power at the general elections, and proceeded to celebrate its victory by attacks upon the Church and the leaders of the Spanish Fascist Party. The feeble attempts of the Republican Government—supported by, but not including, the Socialists, Anarchists, and Communists—to restore order were interrupted by a general revolt of the military garrisons in Spain and Spanish Morocco.

The events of the war are too recent to need recapitulation here. It must suffice to say that General Franco, at the head of an army largely composed of Moorish troops, crossed the Straits of Gibraltar and invaded Spain, reaching the outskirts of Madrid by November 1936. The Government forces, weakened not only by internal divisions between its various political sections, but also

by the regional interests of the autonomous provinces of the Basque country and Catalonia, put up a remarkably spirited resistance. If the war had been left to be fought out between Spaniards it would probably have been all over, one way or another, within a few months. But unfortunately for the peace of Europe foreign Powers proceeded to fish in troubled waters.

Italy and Germany placed great resources, both of men and materials—especially aeroplanes, tanks, and guns—at the disposal of General Franco, hoping to extinguish “the fires of Bolshevism” in Spain, to create a Fascist state in alliance with themselves at the western entrance of the Mediterranean, and to obtain the lion’s share of Spain’s enormous mineral wealth. Russia and many Socialist sympathizers in France and other countries supported the Spanish Government in its fight against “the Fascist menace.” Europe was faced in the autumn of 1936 with a revival, in a new form, of the wars of religion which had devastated it in the sixteenth century. Great Britain and France, fearing that all Europe would be drawn into what was virtually a battle between Fascism and Communism, fought out on Spanish soil, endeavoured to induce the interested parties to agree to a policy of non-intervention. Agreements were made which were more honoured in the breach than in the observance, Italy in particular taking every opportunity of playing for time, during which fresh reinforcements could be sent to her Spanish protégé. At the time of writing, attempts are still being made, under the ægis of Great Britain, to convert the non-intervention policy from a farce into a reality. It is hardly an exaggeration to say that the immediate future of Western civilization may depend upon the success or failure of these attempts.

If the patience and steady determination displayed by the British Government during this emergency are rewarded by success, the year 1937 may mark the beginning of a new effort towards organizing the society of nations upon a basis of law and order.

If on the other hand the policy of Great Britain is not successful, it may be that the grave of European civilization will have been dug in Spain.

CHAPTER VI

REFLECTIONS

I

IF we ask ourselves, "*What is the outstanding impression which emerges from a general survey of the period covered in this book?*" the answer seems to be that we have described a section of world history during which the need for concerted action to solve human problems, both on the national and the international plane, was more urgent than at any previous period in the history of mankind. One indication of this fact is the close interest now taken in foreign affairs by all citizens. In pre-war days "foreign affairs"—which is a phrase describing the subject-matter of international co-operation—was a subject ignored by the man in the street. The public left the control of foreign policy to experts. Nowadays it is front-page news in the popular Press.

Why has there been this increase in the tempo of man's urge towards unification? There are two answers to this question. In the first place, there has always been a co-operative instinct in civilization. Man is a social animal, and society is co-operation. All the great religious teachers have stressed the need of striving towards the attainment of the brotherhood of man. Opposing this ethical urge towards human unity must be set the selfishness of man, both as an individual and

when organized into groups. One may suppose that for centuries these conflicting sides of human nature balanced each other and little substantial progress was made. But at the beginning of the nineteenth century something happened which rendered a further advance towards human co-operation both possible and essential. This event was the first industrial revolution, which, in an incredibly short space of time, by mechanically harnessing the forces of nature to the treadmill of wealth production, brought the possibility of a far higher standard of living within the reach of a rapidly increasing population. At the beginning of the twentieth century a second industrial revolution began to emerge from the results of the first. The two principal characteristics of this second period of rapid change have been, firstly, a widespread application of scientific methods and of machinery to agriculture; and secondly, a series of startling and far-reaching improvements in means of communication. The first industrial revolution did not directly touch world agriculture, though indirectly it caused great movements of population from industrialized countries to overseas lands, and stimulated exploration and exploitation of the resources of tropical areas. When machinery had become firmly established as the principal means of increasing industrial production, it began to invade the farms and fields, the plantations and forests of the world, where it was used to increase production of the raw materials of industry. The importance of the mechanization of agriculture, viewed as a social force, is not yet appreciated. It must suffice to draw attention in these pages to the inevitable importance of any event which tends to alter the basic conditions of an industry (agriculture) upon whose products all mankind depends

for food as well as for many of the raw materials of his industry, especially in view of the fact that some 1,200 million out of the 2,000 millions of the world's inhabitants can, in one way or another, be classified as agriculturists.

As regards the other characteristic of the second industrial revolution, it can be summed up in the word, SPEED ! It can be recognized in such children of applied science as the television set, broadcasting, the cinema, the telephone (national and international), the turbine and oil-engined ship, the motor bicycle and motor car, and the aeroplane. All these things are implements for speeding up the transmission of ideas, of goods, and of men, between one part of the world and another. They have caused the world to shrink in terms of time and space. Now, the outward and visible product of these two industrial revolutions is a mechanized, high-speed, very complicated structure of social life which it is convenient to label "*Modern civilization.*" We cannot in this small book discuss the question as to whether or not, in his eagerness to make rapid material progress, Western man (the Asiatics and Africans have no responsibility in this matter) has mistaken the means for the end, and lost sight of spiritual values whilst he gazes with childish astonishment at his technical achievements. It is not difficult to argue a case in support of the view that this has happened, and that man has become a slave to his own mechanical creations. We must leave it at that. What we must notice is, that this astounding "*Modern civilization,*" the like of which has never been known before in human history,* is a curious mixture of

* Roman civilization was a simple "hand-made" and hand-operated curtain raiser to "Modern Civilization."

strength and weakness. Its weakness arises from its complication. Both in its national and international aspects the whole is absolutely dependent for its security on the correct functioning of each of its parts. For example, two hundred and seventy-one years ago the Great Fire of London had relatively little effect on the whole state of Great Britain; if there was a "great bombing" of London in 1940 and the capital city was destroyed, it would wreck the national life. Within the area of London itself, the physical existence of some 25 per cent. of the whole population of the kingdom depends upon the activities of a handful of men engaged in such key industries as transport and power. Internationally, as the world war and world crisis showed, and other examples can be found in the pages of this book, it is impossible for any national section of the world's political or economic structure to collapse without the disaster affecting to a greater or less extent the whole system.

It is true to say that in the case of "*Modern Civilization*" the margin between great success and great disaster has been steadily growing smaller and smaller. There is no comfortable pedestrianism about the products of present-day life. The aeroplanes either cross oceans in a few hours or crash in flames; the economic system either collapses or booms; the people either travel more and more extensively in more and more comfort or else they fight a world war. This ended, a League of Nations is created, but within twenty-five years the world resounds with the din of preparation for the next war! Modern civilization is essentially unstable; it is like a wonderful and luxurious liner with a low metacentric height and small vanishing angle. A civilization of such a character

can only be given stability if its complicated structure is bound together by an ever-increasing degree of co-operation between its members. In the simpler civilization of the past the technical difficulties of concerted action were offset by the relatively smaller need for it. The simpler the way of life the smaller the area in which co-operation was essential to security and material well-being. In the horse and buggy era in the United States the unity of the American nation was of a sketchy character. It was the development of "*Modern civilization*" which made both necessary and possible the unification of President Roosevelt's New Deal. It is impossible to imagine a Hitler or a Mussolini, a Lenin or a Stalin, exercising control over nations to the extent that we have recorded unless these dictators had at their disposal all the apparatus of the modern life. It is true that there have been dictators before our own times, but these earlier examples were not obliged to control the thoughts of millions of citizens. They only had to dominate an upper class. The masses were politically helpless. We must therefore recognize that at the present time it has become both more urgent than it has ever been that a spirit of co-operation should dominate human relationships, and more possible than it has ever been from a technical point of view for such a spirit to be expressed in practical forms.

II

Given both the urgency and the relative feasibility of organizing concerted action over an ever-widening field, how is such action to be secured? In the modern world there are two violently conflicting schools of thought upon this point.

In the first place there is the doctrine of the totalitarian states. In essence this view aims at concerted action between MEN within a nation—by abolishing MAN the individual. It ensures the existence of a national team by eliminating the wills of the players and concentrating all power and initiative in the hands of the captain. There is some resemblance between the doctrines of the dictators and the pure Communist theory, but there is also an important distinction. For whereas the Fascists and the Nazis conceive of the state as a supreme organization for whose grandeur and glory men exist and must indefinitely sacrifice all their individuality, the Communist doctrine supposes that in due course, after the masses have been forcibly freed from the chains of capitalism, “the government will wither away” and surrender its autocratic powers “to the people.”

The totalitarian theory of co-operation—or more accurately speaking, coercion—has certain attractions to the timid individual in troublous times. He is never called upon to make a decision, and is willing to sacrifice his individuality in exchange for the protection of the disciplined herd. But in the international sphere it is doomed to failure, since it logically presupposes the existence of a world dictator who will have swallowed up all his rivals.

The alternative method of securing co-ordinated action, both within the nation and on an international scale, is the democratic system of voluntary co-operation. It is necessarily slow and imperfect, since its progress depends upon compromises effected after full discussion. But it is based upon the deliberate surrender, whether by the individual or by the state, of a certain degree of liberty of action in the interests of the common good. It is the

only form of co-operation which is lasting and worth while.

We have noted in the course of this book many attempts at reintegrating various aspects of human activities, both on the national and the international plane. Some account has been given on the one hand of the rise of Fascism in Italy, of National-Socialism in Germany, of Communism in Russia, and on the other of the American and French New Deals, and Britain's National Government. Each of these attempts to co-ordinate the national life, however different the methods employed, represents merely the acceleration of a process which has been going on in a great many countries for a considerable time. As the need for co-operation increased, there was a corresponding growth in the number of organizations intended to act as the machinery for such co-operation. In every sphere of life, and in every civilized country, we find that societies, institutions, trade unions, organizations, employers' associations, committees, brotherhoods, cartels, amalgamations, and so forth and so on, have increased at a prodigious rate. They range from the League of Nations to the thousands of small societies of specialized purpose. Furthermore, the imperative necessity of co-operation has made it inevitable that "the State," which represents the individual in his co-operative personality, should play an ever larger part in our lives. To-day, "the State" intervenes in every aspect of men's lives, and at all stages of it from the cradle to the grave. Social services—covering such questions as health, housing, education, unemployment insurance, and pensions—play an ever-increasing part in the life of all countries. The total expenditure on such services in Great Britain has in-

creased from £35.5 million (or 19.2d. per head of the population) in 1900 to £400.8 million (or £8.16 per head) in 1934. Nor is state intervention limited to this field alone. Trade, industry, agriculture, and transport are all subject to some measure of state regulation. In the totalitarian states, which, as their name implies, direct all aspects of the national life, state control extends to such things as art, music, recreation, and is even attempting to include religion, whilst the Press and radio in these countries are, of course, rigidly controlled. In democratic countries which aim at encouraging the maximum amount of individualism compatible with the welfare of the community, state control covers a smaller—though still a pretty considerable—field, and is exercised in a different form. One of the most noticeable features of modern times is the rise of the “public concern”—organizations such as the B.B.C., the Central Electricity Board, the Agricultural Marketing Boards, and so on—which combines the advantages of private management and public control. In short, Planning, whether it takes the form of New Deals, Rationalization, or Five-Year Plans, has superseded rugged individualism as the order of the day within the boundaries of most nations.

But when it comes to the international affairs, with which this book is mainly concerned, there is a different story to tell. We have noted some of the many attempts which have been made since 1914 to extend the field of human co-operation from the national to the international sphere. Consider for a moment the war.

Looking back with the wisdom which should be ours more than twenty-three years after those tragic and terrible events, the chief lesson to be learned from the war is that the more formidable the undertaking entered into by

man the greater the need for co-operation. When the war began in 1914 a catchword was put into circulation in Great Britain which told the nation to continue "*Business as usual*." It was very soon discovered that a world war was a most unusual business, and produced problems quite beyond the capacity of private enterprise. The state was obliged to intervene more and more drastically and completely in every aspect of the national life in order to eliminate wasteful competition, co-ordinate national effort, and organize co-operation. In 1914 the private individual in Great Britain, subject to certain legal restraints imposed in the public interest, was free to conduct his business or his political activities in his own way. By 1918 nearly all his economic freedom had disappeared, and with it a good deal of his political freedom.*

Passing from the national to the international sphere, we must first note certain developments in the British Empire. In 1914 the foreign policies of the Dominions were directed from No. 10 Downing Street, but as the scale of operations developed and the Dominions were called upon to make ever-increasing contributions of both men and material, it was felt that their representatives were entitled to a share in the direction of policy, and they were accordingly given seats in the Imperial War Cabinet.

The war at an end and the crisis being passed, we notice a strong Dominion movement towards the unfettered exercise of sovereignty. They signed the Peace Treaty as independent Powers; they joined the League as separate states; then their position of complete inde-

* Great Britain alone amongst the warring nations permitted an individual to object to military service on grounds of conscience.

pendence was legalized by the Statute of Westminster in 1931. Finally, as we noted in this book, there was a swing back towards co-operation within the Empire as problems arise whose solution required joint action.

Now let us consider the two groups of belligerents. At the beginning of the war each of the Allies was careful to maintain its independent liberty of action. But the hard facts of the case were too much for the fetish of sovereignty, and by 1918 a French commander (Foch) was in supreme command of all the Allied armies (Belgian, British, French, and American) on the Western Front. British admirals commanded joint naval forces in the North Sea and in the Mediterranean. Similarly, a host of inter-Allied Commissions controlled the pooled resources of the Allies in such matters as shipping, supplies of raw material, finance, and so forth. A similar process of "rationalizing" sovereignty took place on the other side, and by 1918 Germany controlled the activities and resources of the group with which it was associated.

In fact, by 1918 the civilized world was divided into two Leagues of Nations which were at war with each other, and in each League there was something which, month by month, approached more nearly to a central government authority. Within each nation individual interests were subordinated to the national interest; within each group national sovereignties were merged into a kind of group sovereignty. All this happened in the short space of four years! and the process was far from complete, for another two years of war might well have produced the spectacle of an Allied War Cabinet composed of statesmen from the U.S.A., Great Britain, the Dominions, France, Belgium, Italy, Greece, China, Japan, the South American states, with perhaps

even a representative of the neutral countries (Scandinavian states and Spain) invited to attend on occasion as an observer.

The conclusions to be drawn from a backward glance at the war may be summarized in the commonplace phrase that where there is a will there is a way. Because there was a will "to win the war" men accepted revolutionary changes which did violence to deep-seated and long-established traditions of what was "right" or "wrong," "reasonable" or "unreasonable," "common-sense" or "nonsense," in national and international organization.

The emergency of the war educated men at an astonishingly rapid rate, because the lessons were taught through failures, whose penalty was death.

The war also proved that with the aid of modern machinery man can undertake the most enormous tasks of wealth production. The fact that nearly all the wealth produced in the war was intended, either directly or indirectly, to destroy wealth does not affect the argument. The war showed beyond dispute that in the age-old struggle between Man and Himself, between the instincts of co-operation and competition, Man is capable of immense sacrifices of independence in a worthy cause. What applies to individuals applies also to sovereign states. National sovereignty was practically in abeyance in each of the conflicting camps into which the greater part of the world was divided. It should not be impossible, given a will to organize the common good equal to that displayed in promoting the common destruction, to induce the nations to make permanent sacrifices of sovereignty on a world-wide scale.

In addition to the lessons on co-operation to be learned

from the war, there have been the various attempts (notably that of the period 1926-1931) to make the League of Nations into an effective organ of international co-operation, and there has been the story of the evolution of the British Commonwealth of Nations since the Great War. Indeed, the average man in 1901 would have been astonished to learn that by 1937 half the Empire would be composed of autonomous states, including the then non-existent Union of South Africa, and that India would be holding general elections in the self-governing provinces that were destined to form part of an All-India Federation.

Other important experiments in international co-operation have been provided by the immense and far-reaching activities of the League of Nations upon its less spectacular side. The economic section of the League, to give but one example, provides economists and politicians in all countries with a mass of co-ordinated statistics which were not available in pre-war days. Then there is the International Labour Organization, which is struggling—not without considerable success—to establish some measure of parity between wages and standards of living in different parts of the world. Mention must also be made of the International Court at the Hague, and of the innumerable international conferences upon every conceivable subject which have been held during the period under consideration. But, in spite of all these efforts, little progress has been made either on the political or the economic side in the substitution of world order for world chaos. This failure, examples of which are strewn across the pages of this book, is certainly not due to lack of technical resources. A moment's reflection will show that both

from the point of view of politics and economics the human race has at its disposal all the apparatus and the necessary means of communication needed for a world system. The whole globe has been fairly well explored and mapped, and its resources are known to a considerable extent. The U.S.S.R. has even established a meteorological station at the north pole. There is also available a store of experience of large-scale international organization in the shape of the records of inter-allied work during the closing years of the war. That the technical means are adequate for the organization of co-operation in human relationships on a universal scale may also be deduced from the fact that it is the existence of these means which makes co-operation so essential. It is partly because the modern life depends for its success upon access to the resources of the whole world that concerted action is needed.

One of the chief obstacles to progress is that hardly two nations in the world are at the same stage of political evolution. Some nations, such as France and Great Britain, have been nationally conscious, independent sovereign states for centuries. Others, such as Germany and Italy, only reached that stage within living memory. Yet others, such as Czechoslovakia, have only come of age as independent states since the war. As a general rule, the "state of mind" known as Nationalism varies in violence and intensity with the length of time it has been in existence. Young states tend to be more self-assertive in respect of their sovereign rights than old. No progress in international co-operation is possible until all states, great and small, are prepared to sacrifice some of their national sovereignty upon the altar of world order. The League of Nations, in attempting to

rationalize the sovereignty of its member states at a time when many of them had barely become accustomed to its exercise, was faced with an almost impossible task. I have qualified the word "impossible" because the British Commonwealth of Nations has shown that what is "impossible" in theory may, with sufficient goodwill, prove perfectly possible in practice. Since the 1926 Imperial Conference the British Commonwealth of Nations has been pursuing simultaneously two policies which are diametrically opposed to each other. On the one hand the Dominions have been busy buttressing up and exercising their newly gained sovereign rights. On the other hand, and especially since the resurgence of an aggressive Germany and Italy, these same Dominions have been seeking ways and means of collaborating with each other and with Great Britain in matters of defence, and to some extent finding that the League Covenant, of which they were signatories, enabled them to square the circle and combine independence with co-operation. This example shows that national sovereignty, the chief obstacle to the establishment of world order, can be circumvented, given one condition. This is, that there shall exist in each national state between whom co-operation is to take place a widespread belief in the true faith of democracy. The complete practice of true democracy is as much beyond the reach of mortal man as is the complete practice of Christianity, but it will suffice if there exists a genuine and continuous effort to attain the ideal, for if that desire is present it will be strengthened in execution in proportion to the gravity of the emergency. The true faith of democracy takes all mankind and the whole world for its audience.

III

What of the immediate future ?

It is safe to say that if this modern civilization of ours is to endure there will have to be an ever-increasing degree of co-operation in human relationships. The alternative is a relapse into barbarism. There is also plenty of evidence to show that the range of such co-operation must stretch beyond the limits of national frontiers. There are certain "countries," such as the U.S.A., Russia, and China, which are so large that for some time to come they will be mainly preoccupied with co-operation within their own boundaries. But in time, even these states will be obliged to come into the general scheme.

There are two countries—Germany and Italy—which are deliberately aiming at an economic self-sufficiency which, paradoxically enough, is rendered more feasible by the scientific discoveries which are the real cause of the movement towards internationalism. The self-sufficiency of the totalitarian states can only be achieved at the cost of a lower standard of living than would otherwise be possible, but it is the inevitable consequence of the Fascist and Nazi creeds. The totalitarian states are as much subject to the pressure towards world unification as are the democracies, but, since they can only conceive of such unification in terms of an indefinite extension of their own political authority, they are forced to choose between making war and the creation of an artificial world within their own frontiers. Domination, rather than co-operation, is the watchword of the totalitarian states, and for that reason they can

take no share in the work of this or any future League of Nations designed gradually, and by agreement, to subject national sovereignty to international authority.

We are faced, then, at the present time, with the fact that co-operation in human relationships on a universal scale is becoming ever more necessary to the continued existence of modern civilization. We must recognize that such co-operation means the progressive elimination of national sovereignties, and that the elimination of sovereignties, or rather their evolution into higher and wider forms of sovereignty, can only be fruitful—whether it be a change in the sovereign rights of the individual, the municipality, the province, or the state—if it takes place by consent. Only when the lesser unit understands that by willingly abandoning to a greater authority its freedom of action it is creating conditions which actually increase its real liberty is progress in co-operation based on firm foundations.

But we must recognize that as these words are being written there are several areas inhabited by vigorous and numerous peoples in which this democratic method of bringing about co-operation by consent is scorned, and has been replaced by forcible unification. Which of these roads will humanity take in its inevitable search for co-operation? As we have argued, and as is also shown by the record of events set forth in this book, the democratic pathway is in truth the only way which, though hard and long, can lead to the promised land; but whether mankind will recognize that fact, until its truth is underlined by further suffering and bitter experiences, is a mystery whose answer we do not know.

One may, however, hazard a guess that the chances that all men will the sooner march in unison along the

pilgrim's way of democracy will be improved by the extent to which the peoples of the British Commonwealth of Nations, the U.S.A., France, and the Scandinavian countries provide evidence that the democratic state is the welfare state, and that free men operating democratic institutions can solve the economic and political problems of these modern times without recourse to either war or to the suppression of the individual.

SOME IMPORTANT EVENTS, 1914-1937

1914

- June 28 Murder of Archduke Franz Ferdinand at
Serajevo.
July 28 Austria-Hungary declared war on Serbia.
Aug. 2 German ultimatum to Belgium.
4 Great Britain declared war on Germany.
23 Japan declared war on Germany.
31 Germans defeated Russians at Tannenberg.
Sept. 5 Germans ten miles from Paris.
6-10 Battle of the Marne : German advance checked.
Oct. 29 Turkey joined the Central Powers.
Nov. 21 Trench warfare on whole Western Front began.

1915

- Jan. 8 Japan's "Twenty-one Demands" to China.
Apr. 25 Allied forces landed at the Dardanelles.
26 Treaty of London between Italy and the Allies.
May 7 *Lusitania* sunk by German submarine.
23 Italy declared war on Austria.
July 30 Russian retreat on whole Polish Front.
Oct. 14 Bulgaria joined the Central Powers.

1916

- Jan. 8 Allies evacuated Gallipoli peninsula.
Feb. 21 Battle of Verdun began.
Apr. 24 Rebellion in Ireland : arrest of Casement.
May 31 Battle of Jutland.
June 5 The Sherif of Mecca began revolt against Turkey.
Aug. 27 Italy declared war on Germany : Rumania
joined the Allies.
Dec. 11 Lloyd-George Coalition Government formed.

1917

- Feb. 1 German unrestricted submarine campaign began.
 Mar. 15 Abdication of the Tsar of Russia.
 Apr. 6 U.S.A. declared war on Germany.
 30 Germans sank over 800,000 tons of shipping in April.
 Aug. 11 Germans occupied Rumania.
 Oct. 24 Italians defeated at Caporetto.
 Nov. 2 Balfour Declaration *re* Jewish Home in Palestine.
 8 Bolshevik *coup d'état* in Petrograd.

1918

- Jan. 8 President Wilson announced his "Fourteen Points."
 Mar. 3 Peace between Russia and Central Powers.
 21 Germany's final offensive on Western Front began.
 Apr. 23 Naval raid on Zeebrugge.
 May 7 Rumania made peace with Central Powers.
 June 14 German western offensive at a standstill.
 July 18 Allied offensive on Western Front began.
 Oct. 31 Revolution in Vienna and Budapest.
 Nov. 9 Revolution in Berlin: abdication of the Kaiser.
 11 Armistice between Germany and the Allies.
 Dec. 14 "Khaki" election in Great Britain.

1919

- Jan. 5 Spartacist (Communist) rising in Berlin.
 18 Peace Conference opened at Paris.
 Mar. 22 Soviet Government under Bela Kun in Budapest.
 June 21 German fleet scuttled at Scapa Flow.
 28 Treaty of Peace with Germany signed at Versailles.
 Sept. 10 Peace of St. Germain with Austria.
 Nov. 27 Peace of Neuilly with Bulgaria.

1920

- Mar. 19 U.S.A. finally refused to sign the Peace Treaty.
 Apr. 12 Outbreak of Rebellion in Ireland.
 25 War between Poland and Russia.
 June 4 Peace of the Trianon with Hungary.
 Dec. 12 Martial law declared in western Ireland.

1921

- Mar. 18 Peace between Russia and her neighbours signed at Riga.
 Apr. 27 German Reparations Bill : £6,600 million.
 June 3 Immigration into U.S.A. restricted.
 July 14 Irish Peace Conference in London.
 Nov. 12 The Washington Conference opened.
 Dec. 6 Anglo-Irish Treaty creating Irish Free State.

1922

- Jan. 31 Civil Disobedience campaign began in India.
 Feb. 6 Nine Power Treaty *re* status of China signed.
 Apr. 16 Treaty of Rapallo between Germany and Russia.
 June 28 Civil War in Ireland over the Treaty.
 Aug. 1 Balfour Note on War Debts and Reparations.
 Oct. 4 League control of Austrian finances accepted.
 19 Fall of Coalition Government in Britain.
 26 General election : Conservative majority.
 27 Fascist march on Rome : Mussolini in power.

1923

- Jan. 3 Anglo-French deadlock over Reparations.
 11 French troops occupied the Ruhr.
 June 18 Agreement for funding British debt to U.S.A.
 July 24 Peace of Lausanne between the Allies and Turkey.
 Sept. 12 General Primo de Rivera dictator in Spain.
 Oct. 10 German mark 19,000 million to £1 : food riots.
 Nov. 9 Failure of Hitler-Ludendorff "putsch" in Bavaria.
 Dec. 8 General election : Liberal-Labour victory.

1924

- Jan. 21 Death of Lenin.
 Feb. 1 U.S.S.R. recognized by Great Britain.
 Apr. 17 Dawes Plan accepted by Reparations Commission.
 May 28 Japanese immigration into U.S.A. banned.
 July 16 Inter-Allied Reparations Conference in London.
 Aug. 28 French evacuation of the Ruhr began.
 Oct. 10 Fall of Labour Government.
 30 "Red Letter" election : Conservative victory.

1925

- Apr. 28 Great Britain returned to the gold standard.
- June 1 Anti-foreign agitation in China.
- July 1 Kuomintang Government formed in Canton.
- Aug. 30 General Chiang Kai-Shek virtual dictator in China.
- Dec. 1 Locarno Treaties signed.

1926

- May 1 T.U.C. announced General Strike failing settlement of coal dispute.
- 3-12 General Strike in Britain.
- Sept. 9 Germany admitted to the League.
- Nov. 5 All opposition parties in Italy disbanded.
- 22 Balfour Definition of Dominion Status.
- Dec. 1 End of the coal strike.

1927

- Jan. 25 Shanghai Defence Force sent to China.
- Apr. 13 Five-Power Note to China.
- May 13 Raid on "Arcos Ltd.": trade agreement with Russia suspended.
- Nov. 15 Trotsky and Zinovieff expelled from Communist Party.

1928

- Mar. 19 M. Litvinoff at Geneva proposed complete abolition of all armaments.
- Apr. 19 5,000 Japanese troops sent to Shantung.
- May 16 Wild speculation on Wall Street: five million shares changed hands.
- June 25 Poincaré stabilized the franc at 124.21 to the £.
- Aug. 27 The Kellogg Pact signed by fifteen nations.
- Nov. 21 Illness of King George V.

1929

- May 30 General election in Britain: Labour victory.
- June 7 The Young Plan for Reparations published.
- Aug. 6 Hague Conference on Reparations.
- Sept. 9 Britain appealed at Geneva for a tariff truce.
- Oct. 1 Trade relations with Russia resumed.
- 23 Crisis on Wall Street: nineteen million shares sold.

1930

- Mar. 2 Stalin ordered slowing down of collectivization of Russian peasants.
 12 Further Civil Disobedience campaign in India.
 June 10 Publication of the Simon Report on India.
 17 Large increases in U.S. tariffs.
 July 1 Ex-allies evacuated the Rhineland.
 2 First German Emergency Decrees to deal with financial crisis.
 Sept. 14 Nazi gains at German elections.
 Nov. 12 Opening of the India Round Table Conference.
 Dec. 31 1,326 bank failures in U.S.A. in 1930.

1931

- Apr. 14 Revolution in Spain : Republic proclaimed.
 May 14 Failure of the Credit-Anstalt Bank in Austria.
 June 9 Australian Premiers' plan to deal with the financial crisis.
 20 Hoover Moratorium on inter-governmental debts.
 July 14 All German banks except the Reichsbank closed.
 31 British budget deficit for 1932 estimated at £120 million.
 Aug. 24 Resignation of Labour Government : National Government formed.
 Sept. 18 Japan invaded Manchuria : China appealed to the League.
 21 Britain abandoned the gold standard.
 Oct. 28 General elections : National Government victory.
 Dec. 3 Statute of Westminster Bill passed.

1932

- Feb. 2 Disarmament Conference opened at Geneva.
 Mar. 1 Great Britain abandoned Free Trade.
 May 30 Fall of the Brüning Government in Germany.
 >July 21 Imperial Conference opened at Ottawa.
 Nov. 8 Victory for Mr. Roosevelt at U.S. elections.
 Dec. 31 Russian first Five-Year Plan completed.

1933

- Jan. 30 Herr Hitler Chancellor of Germany.

- Feb. 24 The League adopted the Lytton Report on Manchuria.
 27 Reichstag fire : Nazi reign of terror.
 Mar. 3 Banks closed in thirty-seven American states.
 4 Inauguration of President Roosevelt.
 27 Japan gave notice of withdrawal from the League.
 June 12 Opening of the World Economic Conference.
 27 Nazis dissolved rival political parties.
 29 The Disarmament Conference adjourned.
 July 3 President Roosevelt rejected currency stabilization.
 27 World Economic Conference adjourned.
 Oct. 19 Germany announced withdrawal from League.
 Nov. 19 General election in Spain : Right Wing gains.

1934

- Jan. 26 Germany and Poland signed ten-year's peace pact.
 Apr. 30 Corporative state established in Austria.
 June 30 Hitler's purge of the Nazi Party.
 July 25 Nazi "putsch" in Austria : murder of Dollfuss.
 Sept. 16 U.S.S.R. joined the League.

1935

- Jan. 1 Italo-Abyssinian frontier dispute : Abyssinia appealed to the League.
 15 Saar plebiscite resulted in return to Germany.
 Mar. 4 British White Paper on Rearmament published.
 16 Germany announced conscription.
 May 27 National Recovery Administration declared unconstitutional by the U.S. Supreme Court.
 June 18 The Anglo-German naval agreement signed.
 Aug. 2 The Government of India Act became law.
 Oct. 3 Italy declared war on Abyssinia.
 Nov. 18 Fifty nations imposed economic sanctions upon Italy.

1936

- Jan. 20 Death of King George V.
 Feb. 16 Popular Front victory at Spanish general elections.
 Mar. 7 Hitler reoccupied demilitarized Rhine zone.
 27 Franco-Soviet Pact ratified.

SOME IMPORTANT EVENTS, 1914-1937 107

- Apr. 15 Arab revolt in Palestine began.
- May 3 Popular Front victory in French general elections.
- 13 Italy announced the annexation of Abyssinia.
- June 4 M. Blum formed Popular Front Cabinet in France.
- July 18 Outbreak of the Spanish Civil War.
- Aug. 25 Execution of "Trotskyists" in Russia.
- Sept. 25 Three-Power Currency Agreement: devaluation of the franc.
- Nov. 3 President Roosevelt returned for second term.
- 24 German-Japanese anti-Communist Pact signed.
- Dec. 10 Abdication of King Edward VIII: accession of King George VI.

1937

- Feb. 15 Britain to spend £1,500 million on rearmament.
- 20 Plan for Non-Intervention in Spain in force.
- Apr. 1 New Indian Constitution came into force.
- May 12 Coronation of King George VI. and Queen Elizabeth.
- 14 Imperial Conference opened in London.
- 28 Mr. Chamberlain succeeded Mr. Baldwin as Premier.
- June 19 Franco's forces entered Bilbao.
- 21 Fall of Blum Government in France.
- 23 Germany and Italy withdrew from Spanish naval patrol scheme.
- July 7 Hostilities between China and Japan began in North China.
- Aug. 11 Japanese warships arrived at Shanghai.
- 13 Virtual war between Japan and China.
- 26 Fall of Santander.
- British note to Japan *re* wounding of British Ambassador to China.
- Sept. 14 Nine-Power Agreement signed at Nyon, near Geneva, to deal with piratical attacks on shipping in the Mediterranean.

INDEX

- Abyssinia, 15, 18, 37, 60, 63, 77-8.
Armaments, 12, 17, 63, 65, 69, 74, 80.
Austria-Hungary, 14, 22, 24, 30, 32, 45.

Balance of Power, The, 12, 22-3, 25.
Belgium, 24, 27, 40, 65-6.
British Empire, The, 15, 18, 54, 56, 58-61, 64, 92, 95, 97.
Bulgaria, 27, 30.

China, 18, 20, 37, 39, 57, 73, 98.
Civilization, Western, 9-16, 20-1, 26, 86-8.
Communications and Transport, 12, 13, 17, 34, 85-6.
Communism, 11, 37, 47, 69, 81-2, 89. *See also* Russia.
Czechoslovakia, 14, 40, 69.

Democracy, 11, 13, 18, 38, 59, 69, 74-5, 89, 97.
Disarmament Conference, 18, 49, 56-7, 69.

Economic Conference, The World, 18, 49, 54, 69.
Economic Crisis, The World, 18, 37, 53, 59, 61-2, 68, 79.
Emigration, 10, 52.
Esthonia, 14, 47.
Exchange. *See* Finance.

Fascism, 13, 66, 75-6, 81-2, 89-90. *See also* Italy, Germany.
Finance, International, 15, 18, 22, 50-5, 67.

Finland, 14, 47.

France, 11, 15, 22, 24 ; Foreign policy of, 31, 36, 40-1, 55-6, 65-6, 79, 82-3 ; Domestic policy of, 66-8.

Germany, 11, 15, 17-18, 22, 24, 53-4 ; and the War, 27-30 ; and the Peace, 31-5, 40-2, 44-5, 56 ; Foreign policy of, 65, 80, 82 ; Nazi-ism, 37, 57, 78-81, 98.

Great Britain, 2, 11, 22-3 ; and the War, 24-30 ; and the Peace, 17, 31, 33 ; Foreign policy of, 40, 55, 77-8, 82-3 ; Economic policy of, 50-4, 61-2, 67 ; National Government, 61-3. *See also* British Empire.

Hitler, Adolf, 57, 65, 79-81, 88.

India, 15, 20, 63-4, 95.

Industrial Revolution, 2, 3, 51, 85-6.

International Co-operation, 17, 21-3, 26, 30, 49-50, 81 *et seq.*

International Labour Organization, 95.

International Law, 22, 95.

Irish Free State, 15, 43.

Italy, Fascism in, 13, 37, 75-8, 98 ; Foreign policy of, 15, 22, 28, 36, 60, 62-3, 65, 69.

Japan, 11, 18, 20, 27, 36-7, 39, 57, 69.

Jews, The, 15, 79, 80.

Kellogg Pact, The, 56.

Latvia, 14, 47.

League of Nations, The, 14, 17, 31-5, 37, 41, 46, 55-7, 63, 65, 69, 76-7, 80, 95-7.

Lenin, 46-8, 88.

Lithuania, 14, 47.

Little Entente, The, 40, 65.

Locarno Treaties, The, 18, 44-5, 55, 59, 78-9.

Mussolini, 63, 75-8, 88.

Nationalism, 11, 18, 58, 96.

Nazi-ism. *See* Germany, Fascism.

Ottawa Conference, The, 54, 60.

Palestine, 14, 30.

Poland, 14, 32, 40, 65.

Reparations, and War Debts, 32-3, 35, 42-4, 52, 54.

Roosevelt, 54, 71-4.

Ruhr, Occupation of the, 42.

Rumania, 14, 28, 40.

Russia, 11, 14, 18, 22, 24, 28, 36, 46-8, 65, 68-71, 96,
98. *See also* Communism.

Scandinavia, 19, 100.

Serbia. *See* Yugo-Slavia.

Socialism, 11, 62.

South Africa, 59, 60.

Spain, 13, 78, 81-3.

Stalin, 48, 68-71, 88.

Totalitarian States, 13, 19, 38, 59, 74, 89-98.

Trotsky, 46-8, 70.

Turkey, 14, 27, 29-30, 32, 36.

U.S.A., Foreign policy of, 17, 24, 28, 30-3, 36, 38-40, 41, 42-4, 56, 75, 98, 100 ; Economic policy of, 51-4, 67 ; New Deal, 19, 55, 71-4, 88.

U.S.S.R. *See* Russia.

Versailles, Treaty of, 17, 30-5, 37, 40, 42, 55, 80.

War, The Great, 24-30, 91-4.

Wars, 10-11, 34.

Washington Conference, 38-40.

Westminster, Statute of, 59, 93.

Wilson, Woodrow, 30-3, 75.

Yugo-Slavia, 14, 24, 40, 75.

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